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Friendly's franchisee Amol Kohli lays on the chocolate.
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ADVERTISING AND EDITORIAL
Entrepreneur Media Inc.,
18061 Fitch, Irvine, CA 92614,
(949) 261-2325, fax: (949) 752-1180
ENTREPRENEUR.COM

Printed in the USA GST File #r129677027

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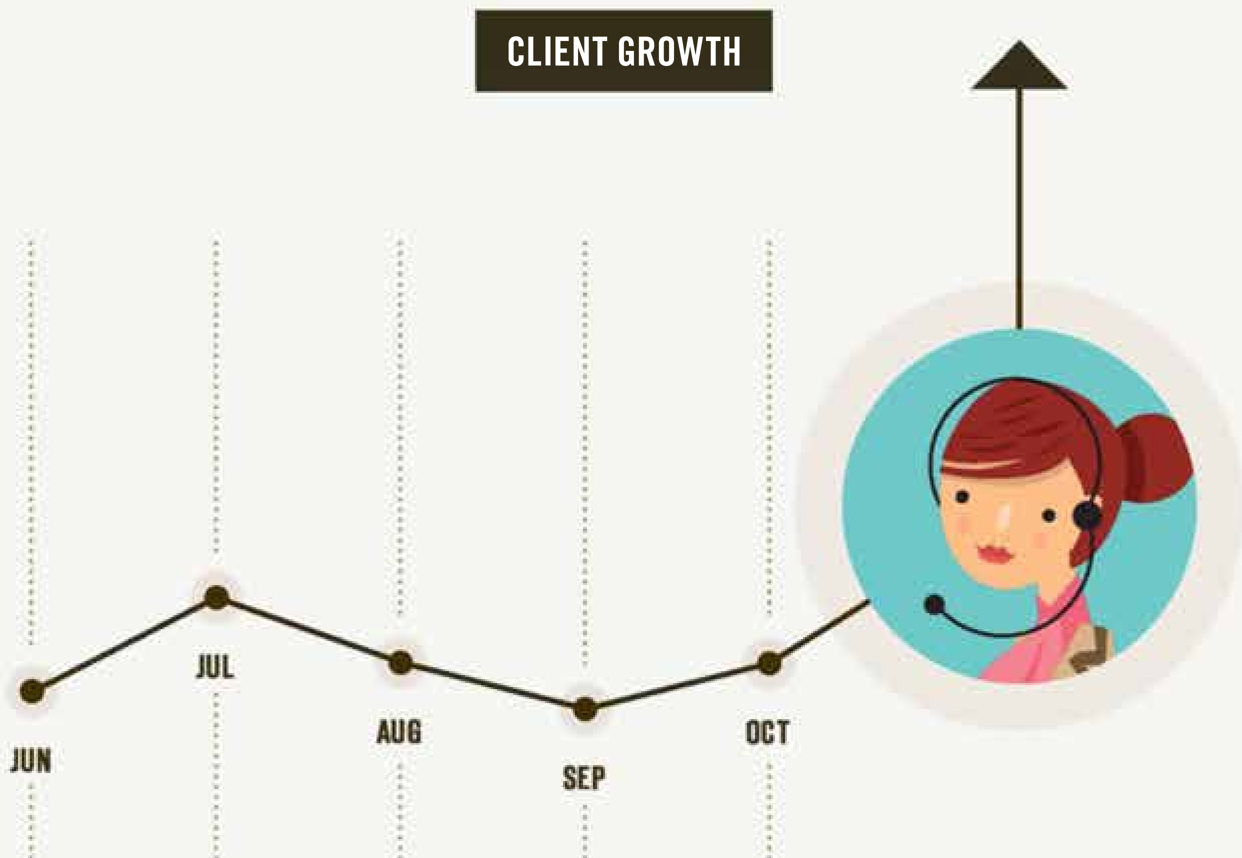
Vol. 45, No. 8. ***Entrepreneur*** (ISSN 0163-3341) is published monthly (except for combined issues in Jan./Feb. and Jul./Aug.) by **Entrepreneur Media Inc.,** 18061 Fitch, Irvine, CA 92614. Periodical postage paid at Irvine, CA, and at additional mailing offices. POSTMASTER: Send address changes to ***Entrepreneur,*** P.O. Box 6136, Harlan, IA, 51593-1636. One-year subscription rates in U.S.: $19.97; in Canada: $39.97; all other countries: $49.97; payable in U.S. funds only. For customer service go to entrepreneur.com/customerservice or mail subscription orders and changes to ***Entrepreneur,*** Subscription Department, P.O. Box 6136, Harlan, IA, 51593-1636. For change of address, please give both old and new addresses and include most recent mailing label. ***Entrepreneur*** considers its sources reliable and verifies as much data as possible, although reporting inaccuracies can occur; consequently, readers using this information do so at their own risk. Each business opportunity and/or investment inherently contains certain risks, and it is suggested that the prospective investors consult their attorneys and/or financial professionals. ***Entrepreneur*** is sold with the understanding that the publisher is not rendering legal services or financial advice. Although persons and companies mentioned herein are believed to be reputable, neither **Entrepreneur Media Inc.** nor any of its employees accept any responsibility whatsoever for their activities. Advertising Sales (949) 261-2325. ***Entrepreneur*** is printed in the USA and all rights are reserved. ©2017 by **Entrepreneur Media Inc.** No part of this magazine may be reproduced or transmitted in any form or by any means without written permission of the publisher. Unsolicited manuscripts and photographs will be returned only if accompanied by a stamped, self-addressed envelope. All letters sent to ***Entrepreneur*** will be treated as unconditionally assigned for publication, copyright purposes and use in any publication or brochure, and are subject to ***Entrepreneur***'s unrestricted right to edit and comment.



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The Power of Trying

Want to try something new, but not sure it's worth it? Trust me: It is.

IN 1894, a *New York Times* writer warned against the dangers of riding a bicycle, predicting that it would lead to "weakness of mind, general lunacy, and homicidal mania." In 1925, the dean of Princeton University asserted that cars would make young people "look lightly at the moral code." For years, I've kept a collection of these bonkers predictions. They've always struck me as funny—and, critically, as proof that innovation isn't as scary as it seems. I think about them anytime someone confuses "new" with "threatening." And then one day, it hit me: This would make a great podcast.

Did I know how to podcast? Not a clue. But it seemed like a fun idea. A friend gave me a used microphone, I teamed up with a guy I met on Twitter, and I googled for what software to use. Then I spent three months making the first episode of a show called *Pessimists Archive.* When it came out, I thought, *Hooray! I'm a podcaster!* And then I realized I hadn't even begun making a second episode. That took another two months. It's been a year now, going on and on like this, often laboring at night after my son goes to bed.

I haven't made a dime on it. But I've kept at it. It's still exciting. And more important, I've learned that a project like this—in which I hone a new skill, even with no foreseeable payoff—can have benefits in the most unexpected of ways. I learned how to produce a podcast on the fly and how to build a small team around a passion project. (Four of us now work on the show.) I also learned how to build an audience from scratch, which I never had to do working for magazines. Best of all, as I continually tweak how we make the show, I've gotten into the habit of questioning how and why I do *everything.*

And after a year, the experience paid off in a more direct way, too. My *Entrepreneur* colleagues recently began talking about building a podcast network. Thanks to my past experience, I was able to help guide the conversation. Then I developed the first show we launched. It's called *Problem Solvers,* a weekly series about entrepreneurs solving unexpected problems in their businesses. I love how open entrepreneurs are about their challenges, and I wanted to create a show that captures that honesty and ingenuity. When we learn how smart people think, we all get smarter. (Forgive the quick sales pitch: Search for *Problem Solvers* on iTunes or wherever you get your podcasts. I think you'll like it!)

But the biggest takeaway from my little experiment is that we have to take leaps. Some people think only in terms of ROI; they want to know that time invested will lead to a direct payout. I get it. But the fact is, we can never know exactly how, when, or why something we do will pay off. Our careers and businesses aren't straight lines; they aren't predictable or perfectly controllable. They're simply a series of opportunities—and when a great one comes along, we need to be able to say, "Sure, let's give it a shot."

That's why I think we all should keep jumping into projects like this, even if we don't know how (or if) they'll pay off. Entrepreneurs need to play a long game. The future is unknowable, full of challenges and potential. But we do know this: The more wisely we spend our time today—the more we take risks, and search for new passions, and figure out new things as we go, stumbling around in the dark until we're better and smarter and more skilled than we were before—the more versatile and capable and satisfied we'll be tomorrow.

Come to think of it, maybe that's the subject for another good podcast.

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At Drybar, the Heat Is On

Alli Webb opened the first Drybar in 2010, thinking women would love a blowouts-only salon. But when she unintentionally sparked a new business category, she had to learn how to stay ahead of the competition. by STEPHANIE SCHOMER

POWER TOOLS Alli Webb styles an employee's hair with a Drybar-developed hairdryer.

In 2008, after five years as a stay-at-home mom, hairstylist Alli Webb was ready for some grown-up time. She started traveling from home to home in Los Angeles, providing affordable blowouts (that's a wash, a dry, and a style, gentlemen) to other moms who, like her, were eager for a small break from nonstop responsibilities. Nearly a decade later, Webb's brainchild has grown into Drybar, a blowouts-only salon chain beloved by women across the country. The bar-themed business—styles offered include the Cosmo (loose curls) and the Mai Tai (beachy waves)—is chic and girly, and serves up as many mimosas as hairstyles in a given day. As the business prepares to open its 100th location and eyes international expansion, Webb is the first to admit that she and her cofounders—who are also her husband and her brother—are still learning as they go.

Drybar is approaching 100 locations after just seven years in business. How do you keep the service consistent at scale?
It's one of the biggest challenges we face. We've learned how to make good stylists great through our training programs and audition processes, but it is tough, especially in some smaller cities. New York and L.A. are ripe with stylists with a lot of experience, but we definitely have challenges in smaller cities. And we don't run an actual school—not yet, anyway—but we've got a robust training program to teach our signature tricks and styles. The best compliment I can get is from a woman who travels a lot and can depend on Drybar in any city.

The company has really made blowouts ubiquitous and inspired quite a few copycat businesses along the way.
It's funny because when we first opened, customers would come in and I would tell them literally everything about the business, because I was so proud. And then we started seeing similar models open up.

People actually copied the model and opened shops where Drybar already existed?
Yes! One woman came in, asked me a bunch of questions, and then opened her own store. She even wrote me a letter almost apologizing, saying I was so generous with my time and she was feeling guilty. But we always knew that if this took off, there would be competition. We didn't know people would take actual verbiage from our website and put it on theirs, which has happened, but we knew there would be competition. But you can't really duplicate what we do just by hiring some stylists and making a space look cute. We've got a secret sauce.

PHOTOGRAPH BY MACKENZIE ROUSE/DRYBAR

The Drybar experience really is unique, from the chick flicks that play on a loop in the salons to the actual cocktail-themed hairstyles. Do you ever worry about it feeling gimmicky?
Oh, I worry about that. I've always worried about that. When we were starting out, my brother thought naming the styles the Manhattan or the Cosmo was cheesy. My gut told me women were going to love it, but moving forward we have tried to maintain a kind of sophisticated whimsy. There are a lot of checks and balances to keep it from feeling silly. If my husband shows me something new for branding, there have been times when I've had to say, "I don't know, babe; it's a little too far." When we talk about ideas among us three cofounders, if one of us really doesn't like it, we don't do it.

Do you feel pressure to expand beyond blowouts?
Everyone asks me that question. From our investors' perspective, we have this captive audience of 100-plus women a day coming into each shop—we can probably sell them a lot of things. But it feels like it would take away from the authenticity of the brand. Nobody likes being solicited to, and I don't want to upsell people. And from our customers' perspective, a lot of women have asked me, "Can't you just give me a manicure while I'm sitting here getting my hair done?" And sure. We could. We could offer a lot of services and probably be OK at all of them. But I'd rather be really great at this one thing. We'll never do anything outside of blowouts. Not in Drybar. Tools and products make sense—you want to replicate your hairstyle—but I couldn't sell you, say, a lipstick in good conscience.

WE COULD OFFER A LOT OF SERVICES [OTHER THAN BLOWOUTS] AND PROBABLY BE OK AT ALL OF THEM. BUT I'D RATHER BE REALLY GREAT AT THIS ONE THING. WE'LL NEVER DO ANYTHING OUTSIDE OF BLOWOUTS."

You started selling your own haircare tools and products a few years ago. The growth was rapid, and they're now sold in your shops as well as Sephora and Ulta. Are those retail outlets helping people discover Drybar?
Absolutely—and the products account for almost 30 percent of our revenue now. When we started taking off, we were courted by a lot of hair-product companies that wanted to create a cobranded line with us, but Janet Gurwitch, one of our investors at [private equity firm] Castanea Partners, told me to do it alone. Janet had founded Laura Mercier Cosmetics, and her guidance and expertise became instrumental in product development. She opened a lot of doors for us and introduced me to all the best labs. I always say: Find people who know how to do the shit you don't. Without Janet, these partners would not have talked to us.

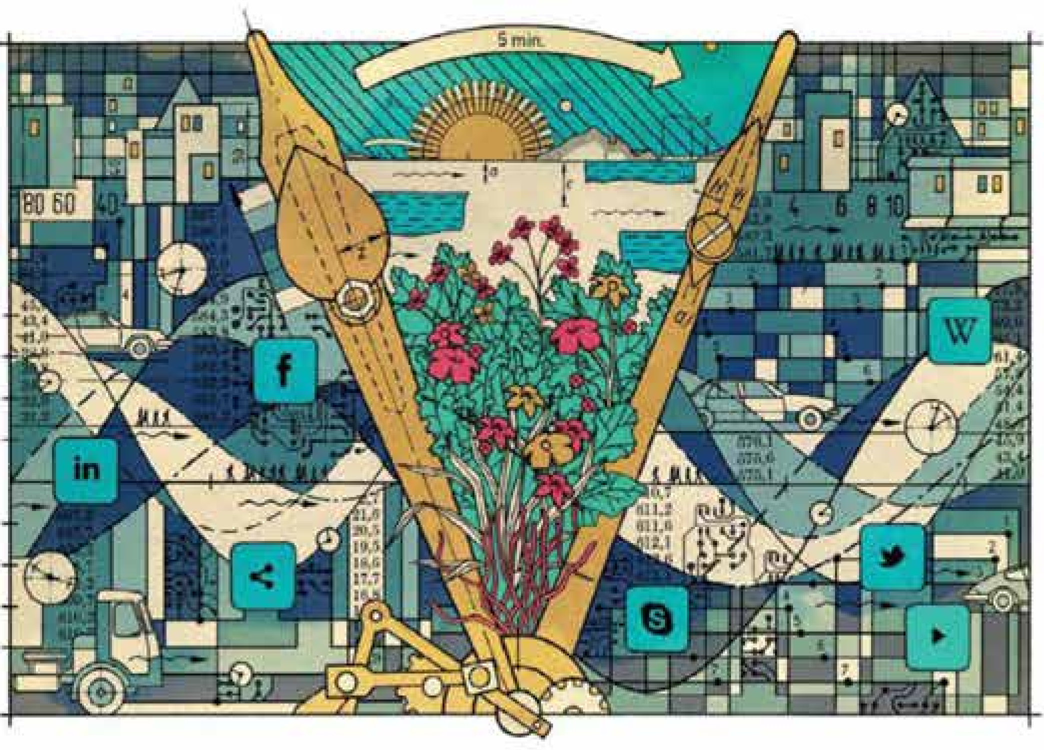
In 2014 you replaced your brother and cofounder, Michael Landau, as CEO and brought in John Heffner, who had served as president at OPI. How tough was that decision?
It wasn't one I was particularly excited about. Our equity partners at Castanea started that initial conversation with Michael and me, and at first, I was like, "No." I was kind of a brat about it. I thought it would change the company culture, and I didn't think a professional CEO would be able to do anything we weren't already managing.

So what changed your mind?
It wasn't until we met John—whose exterior does not match his interior. He walked into our office in a suit, very corporate-looking, and my initial thought was *Ugh, no.* But after five minutes with him, Michael and I were both pretty much in love. [Landau remains chairman of the board.] Unlike a lot of people we had spoken to, John really wanted to partner with us. He didn't want to come in and totally shake things up, because we didn't need that. Castanea's thinking was, if this thing was going to get huge, we weren't going to know how to deal with it. And they were right.

What's different under his leadership?
We were on a rocket ship a little bit, opening stores so fast. And as entrepreneurs, we didn't have the skill set to scale a business. But John did—and he immediately put systems in place, hired great people, and let them do their job. He also hit the brakes—we slowed down on openings and made sure all the trains were running on time in terms of operations. He helped create a calming sense throughout the company. It's like the adult in the room of this very family-run business.

It can't be easy running a company with your husband and brother as cofounders.
I'd say 95 percent of the time, it's really great. They're my two best friends, and we all have very specific skill sets and really trust each other. That said, there have been fights. There are times when we disagree, and the family-ness of this all gets crazy. Sometimes if I'm being really nice to my husband, he'll be like, "Are you fighting with Michael? Is that why you're being nice to me?" But we're good about hashing it out—especially my brother and I, because we grew up in a family where you don't let things linger. My husband grew up kind of differently. But that's probably another interview.

You're very transparent about changes within the company, from service changes to internal changes. The website even calls John Heffner your "big fancy professional CEO." Why is that?
We've always taken that approach, instinctively. Just be straight with people. When we had to raise our prices from $40 to $45, we emailed customers and explained that the increase was because our rent was raised, and our utility costs were increasing—it's to stay in business, not to try and get richer. And if we mess up an appointment or someone is unhappy with their service, they need to know we're working to fix it. I've answered so many emails personally. In this day and age, where you can easily reach a founder via email or Instagram or whatever, it's our job to not feed people bullshit—because they can see through it.



How to Take Breaks

by VANESSA VAN EDWARDS

EVERY BUSY ENTREPRENEUR knows you have to take breaks. And yet breaks often take a backseat to, you know, attending to the vast amount of work we have to do on a daily basis. But therein lies the paradox of breaks. Working for long, uninterrupted hours, day after day, may make you *feel* productive, but, in reality, it's likely hurting your performance.

The fact is: Breaks work. Studies show that people who take a breather approximately every hour perform better than those who work for several hours straight. Others have found that our brain activity actually *increases* when we let our minds wander. There are cognitive benefits to be had from taking breaks, and productivity gains to be seized. You just have to do it right. Here are three proven strategies for taking productive breaks.

1/ Structure your breaks.
Your creativity diminishes when you force yourself to work for long periods. So try the pomodoro technique. It's simple: Every 25 minutes, take a five-minute break. If you fear the short blocks will prevent you from completing work in one sitting, you can use them as motivation to work faster. The creators of the method say you can use it to become more productive by learning how much work you can complete in 25 minutes and then arranging your schedule based on how many of those periods tasks require.

Depending on your business, and the type of responsibilities you have, you may not be able to take frequent, timed breaks. If that is the case, plan to have breaks after routine tasks. Good break times include right before or after meetings, after finishing a daily assignment, and when preparing to transition between locations or projects. The timing is not only convenient but also gives your brain a few moments to process what you've just completed before diving into something new.

2/ A wandering mind is a productive mind.
One of the most effective ways to spend your breaks is to do nothing. I know, I know—for fellow workaholics, that is a tall order. But ignore the temptation to utilize your time away from work by doing quick errands, scrolling on social media, or doing anything else that directly engages your brain. Although just sitting, standing, or strolling without a sense of purpose during breaks may seem unproductive, this idle time is critical to optimizing cognitive function. Research shows that giving your brain time to rest is essential to its ability to carry out key mental processes, such as processing memories, identifying solutions, and maintaining one's sense of ethics. Think of your brain as a computer; when it is acting glitchy and slow, sometimes it needs a restart. Your brain is the same way. Let it completely shut down to reset.

3/ Synchronize your social breaks.
If your job primarily involves individual work, breaks provide the perfect opportunity to bond with your coworkers. If possible, schedule your daily breaks at the same times as your coworkers' so you can strike up conversations, grab a meal, or watch a funny video. This strengthens your relationships—and as a result, your well-being and job satisfaction and makes everyone involved more productive. One study found that call-center employees who talked to their coworkers throughout the day completed calls faster and performed better.

When planning your breaks, remember to utilize the three S's: short, simple, and social. Taking a combination of independent and social breaks throughout the day is the key to staying invigorated and capable of performing at your peak level all day long.

Vanessa Van Edwards is the founder of Science of People.

Illustration / CHRISTIAN GRALINGEN

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Till Price Do Us Part

To grow its business, Zola CEO **Shan-Lyn Ma** built new services—and gave them away for free.

by KATE ROCKWOOD

Since its launch in 2013, Zola has had one way to make money: wedding registries. The company makes registries easier and more efficient—for example, offering the ability to curate them from dozens of brands, to delay shipping gifts until after the nuptials, and to allow guests to pool funds into group gifts or honeymoon experiences. This has attracted hundreds of thousands of lovebirds to the site. Zola takes a 40 percent cut, on average, of gifts purchased directly from its marketplace and a smaller slice of items purchased through affiliates.

It's a straightforward business model, but last year, founder and CEO Shan-Lyn Ma was eager to expand. She knew what users wanted. "The number one request from couples was help with planning more of their wedding," Ma says. But she couldn't figure out how to do that efficiently. How does Zola build new services that complement its registry business?

In late 2016, she had a realization: She was thinking too narrowly. "If we build a lot of valuable tools for free, couples will see how well we work and want to register with us to have everything in one place." It could have been seen as a risky move; she was essentially diverting resources away from the way Zola makes money. But she was following a model of a far bigger internet cash machine. "It's similar to the strategy used at Google. People find value in its free tools, so they use its search, which is how the company makes money," she says.

Ma tasked her engineering team with creating a suite of techie features. The marching orders: Build things that help people manage their weddings and that Zola can give away for free. Her team came back with a wide range of tools, including one that helps couples build a beautiful website and others to help manage the minutiae of the big event, from RSVP tracking to Aunt Judy's meal preference.

This put Zola in competition with sites like The Knot and Wedding Wire, which offer similar services. But unlike both, Zola's new tools and registry business are fully integrated, creating true one-stop digital planning. And anyway, Ma believes the opportunity is bigger than any competitor. Couples who spring for real-life wedding planners spend thousands of dollars—so many of them should be interested in using Zola to streamline the process *and* cut costs. This new vision impressed the VC firm Lightspeed Ventures, which invested $25 million to help Zola make these tools real.

The new Zola launched in April, and now when someone googles "wedding planning," they'll find a paid listing that says, "Zola Weddings: Free Suite of Wedding Planning Tools." To date, more than 300,000 couples have used Zola's services, adding more than $10 million worth of gifts to registries every week. Ma declines to share specific dollar amounts but says that revenues are on track to double in 2017, easily exceeding $100 million. It's the kind of happily-ever-after story she wanted.

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Hey, Big Sender

The surprising case for bombarding your customers with emails.

by LISSA HARRIS

Don't annoy your customers.

If there's a cardinal rule of email marketing, that's it. Thus, most marketers describe the ideal email strategy as a careful balancing act between frequency and engagement. Sure, you need to send enough emails to stay on the customer's radar. But send too many and your subscribers will flee, your click and open rates will plummet, and you will find yourself branded a common spammer.

For a time, Dela Quist shared this fear. Quist, CEO of British and U.S. email marketing firm Alchemy Worx, "started out where everyone else did, worrying about open rates and trying to get them as high as possible," he says. Then he began digging into the numbers, looking at client campaigns for evidence that a business could get better results by sending less email.

"What we found was, no matter what we did, more email generated more revenue. You could not stop that happening," he says. So, data in hand, Quist began preaching a different gospel: Nothing is likely to make you more money than sending another email.

In essence, *Don't worry about annoying your customers.* The data says they don't hate email.

Quist's "more is more" attitude makes email marketers nervous, but he gets results. Alchemy Worx's client list includes names like Tesco, Expedia, and Hilton. One client, the U.K. insurer Aviva, saw the number of insurance quotes requested grow 48 percent after rolling out a strategy to email customers more often.

Quist's philosophy comes from a simple insight—that email isn't mail. It's natural to think of email as the digital cousin of the bulk mailer: expensive to send and a mailbox-clogging misery to receive. But, Quist argues, that's the wrong

Illustration / VIKTOR KOEN

way to think about it. Given how cheap email is to send—and how painless it is to ignore—it makes sense to treat it like television. Once you start thinking about email as a broadcast medium, Quist says, you can begin to fret less about taking up precious space in a finite inbox, and think more about maximizing how many people your message reaches, and how often.

"The Sermon on the Mount would never have happened if Jesus had had to wander around and tell everybody individually," he says. "Sometimes broadcast is a good thing."

Of course, it's true that when email frequency goes up, your click and open rates for your campaign typically go down. But that doesn't tell the whole story, Quist says. If you look at the numbers over a longer time span—say, a year—sending more email will ultimately reach more customers and give the ones you have more chances to do business with you.

A better way to look at engagement is to focus on customers, not campaigns. If you can boost the percentage of your customers who have ever opened or clicked on an email, you will most likely boost your revenue as well—and if you email your list more often, that's exactly what will happen, Quist says.

And even if your email never gets opened or clicked on, it still makes an impact. Fleeting glances at subject lines can add up to a powerful brand impression over time. "Receiving an email is a primary driver of sales," he says. "People who don't open emails are significantly more likely to buy than people who don't get the email at all."

To test this, Quist charted one client's revenue over the course of two weeks from customers who got, but did not open, an email. Sure enough, there was a dramatic spike in revenue from non–email openers the day after a campaign was sent.

Businesses often underestimate how much of their revenue can be traced to email campaigns, because purchases psychologically driven by email show up in other channels like web search and physical retail. In a 2013 paper in the *Journal of Digital & Social Media Marketing*, Quist looked at the data for a major U.S. retailer over the course of a year and found that on days when an email blast was sent, revenue from non-email sources was boosted anywhere from 10 to 40 percent.

But what about segmentation—the increasing number of tools at entrepreneurs' disposal allowing them to carve up and microtarget their email lists?

RECEIVING AN EMAIL IS A PRIMARY DRIVER OF SALES," QUIST SAYS. "PEOPLE WHO DON'T OPEN EMAILS ARE SIGNIFICANTLY MORE LIKELY TO BUY THAN PEOPLE WHO DON'T GET THE EMAIL AT ALL."

Overrated, Quist says. Segmentation can be a powerful way to tailor the right message to the right type of customer. But if you're using it to cut down on the number of people getting a particular campaign, you're probably doing it wrong.

If you have a good message to send, "you could send it to one person, or you could send it to a million," Quist says. Picking just a segment of your list to send it to might get you better open and click rates, but you're also missing out on potential customers. If even one of those nontargeted customers might buy your product because of your email, it's probably worth it to broadcast far and wide.

Tailoring messages to different groups is fine, Quist says—but the more you segment, the more time you'll spend crafting your individual messages for each segment of your list. That time could probably be better spent on making high-quality messages for your whole list. "It's so much easier to find one thing that entertains a million people than a million things that entertain one person each," he says.

Quist also believes that the widespread fear that customers will misinterpret frequent mailings as spam is similarly misguided. Whether or not people consider an email to be spam has more to do with what they think of the business than with how often the business talks to them, Quist says. Unless a business is refusing to honor the "unsubscribe" option, there's no reason it should worry about spamming its customers. "Spam is a thing of the past. The only email you get is stuff you signed up for," he says.

Even unsubscribe requests—the supposed kiss of death to email marketers—aren't always a bad thing, Quist says. Often, when people unsubscribe from a list in response to increased email frequency, it's because they weren't interested in buying your product to begin with.

Email service providers tend to be wary of Quist's gung-ho attitude, but their research sometimes backs him up. A broad 2016 internal study by MailChimp—whose advisers caution businesses to keep a close eye on click and open rates, and avoid unsubscribes—found that subscribers who never opened their email were surprisingly valuable to a business's bottom line. As a result, MailChimp changed its tune on the wisdom of pruning inactive subscribers regularly.

If more really is more in the world of email marketing, why do so many email experts insist that you have to balance getting your message out with not harassing customers too much? Quist says some of the industry's fretfulness about the preciousness of the inbox can be traced to the age of the average digital marketer: too young to have spent much time in the broadcast trenches, where the rules of "reach, frequency, and impact" that he lives by were forged.

"It's *Groundhog Day* for a lot of marketers," he says. "I'm kind of older. I'm blessed to have been in the right place at the right time in terms of digital exposure, but old enough to have real-world marketing experience. That tells me that the reality is in the numbers."

Since he decided to stop worrying and learned to love the "send" button, Quist has been on a mission to change the way people think about email marketing, through speeches, columns, studies, and other forms of evangelism, but it's been a slog. "I find myself embroiled in an endless game of whack-a-mole," he says. "I just can't kill it." Still, he's open to being proved wrong. "If I'm that crazy, and if I'm that wrong, surely it would be easy to disprove me with data," he says. "I'm putting out data all day."

Getting Ahead by Screwing Up

How one entrepreneur turned an epic fail into long-standing customer loyalty.

by COLIN KINGSBURY

There's a saying among pilots about certain types of human error: "There are those who have, and those who will." Starting and building a business is much the same—no matter how good you are, how hard you try, or even how much you care, sooner or later you're going to get it completely and horrifyingly wrong. The good news is that, at least some of the time, and more often than you might think, these catastrophes are not only salvageable but can lead to some of the most valuable client relationships you'll have.

I am the cofounder of a talent management software company that has grown by nearly 300 percent over the past several years. A while back, I was asked to join one of my account managers and her manager on a client call. This was a common enough occurrence when the company was based out of my apartment, but now, closing in on 100 employees and 2,100 companies using our products, such a request meant only one thing: bad news. As I sat down in a high-rise conference room with a commanding view of Boston, I expected the worst.

And I got it. The client described returning from a vacation to a project that had spiraled wildly out of control, with users at different offices all but declaring war on her team, processes that had worked in the test environment failing constantly, and worst, a feeling of being professionally humiliated by being associated with such a complete and utter mess. It sounded like a field report from the trenches after the second day of the Somme.

When she finished, it was my turn to respond. First, I apologized. Solving the problem, or even proposing a solution, is often less important initially than acknowledging and validating the customer's pain and anger in that moment. I've never seen a situation made worse by saying "I'm sorry." (Plus, one of the superpowers that founders have is the ability to humanize their company to a customer.)

Next, I told them we'd come back in a day with a plan to resolve the issues they identified, but I also offered them the option to terminate our relationship at their discretion, if that's what they wanted. Doing this is painful because sometimes the client will actually leave, but it's ethically the right thing to do, and it can spare you the cost of litigation and reputational damage if they just want out.

The client was guarded and noncommittal but said they'd at least look at our plan, so we made sure it was our best work. After a series of increasingly detailed discussions, they elected to give us one more chance. We set up for a partial relaunch in three months based on simplified requirements we knew we could nail, and when that succeeded, the relationship began to pivot back toward normalcy.

But here's the thing: Our relationship actually went well beyond normal. After all was said and done, after months of diligent work, the clouds broke and our relationship actually improved. Today that client is one of our most engaged.

Why? Because when you've gone through a near-death experience like this, you've demonstrated that your commitment to customer success is more than a slogan. And while clawing your way out of a deep, smoking hole is almost certainly the most stressful way to create a happy, long-term reference account, the odds of success are much better than you think.

Colin Kingsbury is the president and cofounder of ClearCompany and lives in Boston.

Illustration / ZOHAR LAZAR

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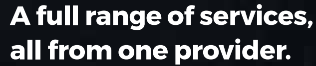

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MARK SMITH/ Site reliability engineer
"When I started, we were 350 people. Now we're north of 1,500. We've had to scale how we communicate, and the way we work together has had to change. You think about, *OK, what worked at 300 doesn't work at 1,000, but how do we still capture the culture we want?* It's been really exciting and really difficult, but I like where we're going."

KELLY MARREN/ Product manager
"I'm a former professional athlete, so I love having a gym on-site. It's really nice that at any point in time, I can go down there. It's also great that it's OK to take 45 minutes and do what you need to do. Everyone knows you come back refreshed. No one is like, 'Oh, Kelly was gone for 45 minutes. She must not be focused.'"

TANNER GODARZI/ Web developer
"I know there's that stereotype of toxic cultures at tech companies, but to be honest, I've never run into that here. I came from the agency world, which mirrored the show *Mad Men* down to a T. So this has definitely been refreshing."

Inside Dropbox

Interviews by **KRISTIN HUNT**

SINCE ITS LAUNCH in 2007, cloud-storage service Dropbox has made in-office collaboration a breeze for millions of businesses across the country, and that spirit of teamwork radiates throughout the 1,500-person company's San Francisco headquarters. The space, designed by Rapt Studio, features a chic library, designated brainstorm areas, a rec room full of musical instruments, and a massive commissary serving up delicious food—with an emphasis on cupcakes. In fact, "cupcake" doubles as an official company value, one that signifies a playful work culture. And they don't mess around: One quick tour through the ultra-collaborative space and you'll witness so much "cupcake," you'll leave with a toothache.

Photograph / ADAM FRIEDBERG

RACHEL HANSEN/ Analyst relations
"Our desk pods are nicely removed from the walking space, so it's open but private enough that you can get work done. There is a space on the first level called Deep Focus that's intentionally isolated, for those times when you want to just put on headphones and crank through some work. But then there are open spaces, like the roof, or Little-R, which is our coffee shop."

KRISTEN OJEDA/ Diversity and inclusion program manager
"We have VTO, or volunteer time off—they give us days off to volunteer somewhere. It's probably my favorite perk because you get to not only take time off but also do some good in your community. My manager is always pushing us to do that. It's not just something you can do if you want. It's encouraged, which is nice."

DAVID GAINSBORO/ People data analyst
"We have unlimited PTO, which requires conversations with your manager about taking time off. I just went to Japan for a couple of weeks, and with my manager's support, I was able to unplug. There's an approach of 'Be here when you're here, and when you're not here, don't be.'"

TIAN KISCH/ Privacy program manager
"There are a bunch of different groups we can get involved in. There's a basketball group, yoga classes in the office—even an a cappella group, Syncopation. And of course, we have a bunch of diversity and inclusion groups here. I actually cofounded and lead Asians@, an employee resource group that celebrates Asian-Americans in the workplace."

ANTHONY KOSNER/ Editorial strategist
"The editorial team works on storytelling around Dropbox and our technology and innovation, so it gives me a good reason to talk to just about anyone in the company. It's a great opportunity to learn a lot about how a tech company works and have a role in helping shape that."

Get Out of Your Own Way

As your business grows, your original road map may not be the best path to success. But letting go of your vision (and control) is never easy. We asked six entrepreneurs: What if *you're* the problem?

1/ Trust your team.
"I used to review each line of copy we put out in the world—then my team told me I was creating a large bottleneck. I had to learn to tolerate incongruities with the way I think our brand should come to life and the way it actually does. Today, I see most brand creative when our customers do. It's not easy, but empowering our team gives me space to think about the brand's evolution."

—JEFF RAIDER, cofounder and co-CEO, Harry's

2/ Listen to your spouse.
"A team and I worked tirelessly to develop a product that lets families securely store photos in the cloud. But when I talked about it, people kept saying they wanted photo books—and I ignored them. Printed photos? So last century! But my wife, Vanessa, had an epiphany and gave me an ultimatum: Use technology to make creating photo books completely automatic, or pull the plug. The concept took off, and Vanessa officially joined us as cofounder."

—NATE QUIGLEY, cofounder and CEO, Chatbooks

3/ Accept your flaws.
"A former employee recently told me I was the most demanding person she ever worked for. I thought I was easygoing! I started thinking about the impact I have on others and realized I'm a mix of chaos, compassion, perfectionism, and inconsistency—and I would hate to work for me. Now I employ people who are smarter than I am who can also be the buffer between me and the hardworking teams who make our vision a reality."

—DAVID WOLFE, cofounder and CEO, Leesa

4/ Forget what you know.
"I come from a B2B product-development background, and when we launched our consumer-facing beer tap, I wanted to market it by relying heavily on the technical specs. I saw our product as a hardware solution to subpar beer. But when our creative team presented their vision—including new packaging and brand guidelines—I realized I had to get out of their way and let them hit that sweet spot. We're actually selling the experience of delicious drinking, not an answer to some problem on paper."

—PHIL PETRACCA, cofounder and CEO, Fizzics

5/ Loosen up.
"Of a Kind launched in 2010 selling only limited edition designer products. It gave us focus at first, but eventually we felt hemmed in. Our audience was telling us they were interested in nonlimited items and new product categories, but because it didn't fit the model my cofounder and I had created, we decided they were off-limits for too long. It wasn't until 2012 that we broke our own rule, but now our business has benefited."

—ERICA CERULO, cofounder, Of a Kind

6/ Ask for help.
"After 20 years in business, I still viewed our insurance company as my baby. As we tried to grow beyond $70 milion in revenue, I was so intent on being involved in everything, I actually slowed down operational efficiencies and business development. We needed people with more experience to help us scale, and in one year we hired three C-level executives and seven directors. Splitting responsibilities and accountability made scaling easier, and our online company ratings jumped 300 percent."

—JIM KRAMPEN, cofounder, Seven Corners

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Problem Solvers

The Overlooked Near-Fatal Flaw

What happens when your product goes from beloved to hated? As **Hanson Grant** learned, your customers may be seeing something you aren't.

by JASON FEIFER

Hanson Grant was sitting in his dorm room at Babson College, trying to figure out how to write on the walls. "I couldn't drill holes to set up a whiteboard, and I couldn't paint my walls with dry-erase paint," he says. "So I thought, *What if I could peel and stick a whiteboard on the wall?*" That led him to develop a film that affixes to surfaces, turning almost anything, even his desk or closet, into a dry-erase board. He raised $10,100 on Kickstarter. A local NBC news story brought in 200 orders overnight through a website he set up. *USA Today*, the *Today* show, and others followed, fueling growth.

A year later, in 2015, Grant put his product on Amazon, hoping to keep the momentum going. Think Board quickly rose to the top five in multiple categories. But then the reviews poured in. They were bad. Really bad. And they slowed sales on his own site. By 2016, he'd graduated, taken on Think Board full-time, and recruited a friend as COO. "I looked at him and said, 'Well, things were really good. Now we're losing money every month, and we've got to figure out how to turn this around.'"

At the time, Think Board's film would stick on only some surfaces. Very smooth walls, desks, and doors? No problem. If those surfaces were painted? Not always. And although that sounds like a glaring problem, it hadn't tripped up customers before. The company had been explicit about the limitations on its website, and it built a customer service team to patiently explain how to use the film and promptly refund unsatisfied buyers. But on Amazon, with its strictly formatted sales page, buyers skipped over those caveats. And then, "instead of reaching out to us—all our other customers know we're very easily accessible—they would just leave a negative review and get all pissed off," Grant says.

That led Grant to two realizations. One: "We used customer service as a Band-Aid," he says. And two: That Band-Aid wouldn't work on Amazon. He had to listen to not only happy customers but *unhappy* ones, too—even if their unhappiness was rooted in a misunderstanding of his product.

In 2016, Think Board spent six months developing a more versatile film that could affix to any smooth surface. Once Grant had a prototype, he began offering it for free to customers who were disappointed with the original version; it was a way to appease them and also test the new version in the real world.

Then he refashioned his customer service. Now he includes a 100-day money-back guarantee. And when a customer buys the product, they're entered into a 200-day email schedule. The first email thanks the person for buying; a few days later, it introduces the company and provides Grant's cellphone number in case a customer needs help. Future emails give tips on how to use the product. They also ask for feedback, which serves two purposes: diverting people from leaving bad reviews online, and helping Think Board refine and develop new products.

At day 99, an email warns that the money-back guarantee is about to run out. If you want a refund, it says, you must act now. And how many do? "Very, very few," Grant says. He finally built a product that stuck.

→ WRITE IT DOWN A slice of Think Board affixed to a desk.

Hear Hanson Grant, and more stories like this one, on our new podcast, Problem Solvers. *Search for it on iTunes or wherever you get podcasts.*

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How Do I Find a Cofounder?

A business partnership is like a marriage. Embrace the courtship.

by ADAM BORNSTEIN

I'm about to start my own business, but I want someone to help juggle the responsibilities. How do I find a cofounder who's the right fit?
—ELIZABETH L.

TO COFOUND or not to cofound? It's a complicated question many entrepreneurs face, and the search for a partner can feel more like a game of roulette than a calculated business decision. Do you *need* a cofounder to succeed? Not necessarily. But if you want to build a dynamic duo, there are several factors to consider as you begin your hunt.

Elizabeth, if you were located in Denver, I'd have you sit down for coffee with Andrew Schremp, a friend of mine and the founder and CEO of Health Sqyre, a patient-oriented online marketplace for medical equipment. He went through a valuable breakup with a *potential* cofounder—and I say "valuable" because it occurred before anything permanent was arranged. Use his lessons to guide your search. "With the long hours it takes to get a startup off the ground, you'll spend more time with your cofounder than your spouse," Schremp says. "Create criteria, be patient, and do not cut corners." And consider your weaknesses.

"So much of finding a cofounder is understanding where you're not strong," says Cameron Herold, founder of the COO Alliance, a company that develops and guides "second-in-command" leaders. If you're a strategy person, find someone to focus on execution. If you're introverted, find an extrovert. "A cofounder is the yin to your yang," Herold adds. "They should be doing all the extremely important stuff that drains you of energy."

Schremp suggests starting with your own network. Talk to friends and acquaintances with successful businesses and see if they would recommend anyone. "Six degrees of separation" is in full effect here—you're unlikely to find the best person for the job within your inner circle, but you're probably one or two steps from prime candidates. Referrals streamline the process, helping you avoid folks who will waste your time.

Specify three critical criteria—for example, you could want someone who's great on small teams, tech-focused, and comfortable with higher equity and a lower salary—and use them to develop an early list of candidates. Then dig deep. Start with three to five references for each candidate, and ask every question imaginable, from work style to conflict resolution to simple personality traits. Basic questions with no apparent correct answer—*Does Jane like long or short meetings? Is Mark a beer drinker? How much time does Kevin spend on his personal health?*—can provide a window into what it would be like to spend every day with this person. "Intelligence is the most overrated cofounder trait," Herold says. "If they're not a good match with the founder, it just won't work."

After you've zeroed in on your top choice, it's a matter of trust. Schremp recommends a minimum six-week work arrangement. Have the candidate sign a proprietary information and inventions agreement (so you can sleep soundly), then get to work and see if it's a fit. Sure, there will be a honeymoon period, but if there are cracks in the foundation, you'll see them quickly.

Are there any guarantees? In business, never. But if you follow these steps, you'll remove your own selection bias and find the best person for your company. After all, it's one of the biggest decisions you'll make. "Any cofounder is going to be a boulder that you drop into a pond," says Herold. "It's going to make waves, so you have to make sure the ripples are good."

Adam Bornstein is the founder of Pen Name Consulting, a marketing and branding agency.

Illustration / FEDERICO GASTALDI

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P.46 / **Rising Costs Demand Major Changes**

P.52 / **Discard the Old Ways of Working**

P.54 / **Experience Is as Important as Product**

P.60 / **Opportunity Begets Opportunity**

IT'S TEMPTING [BUT DANGEROUS] TO SCALE FAST

THE LEADERS OF CHOPT, DOS TOROS, AND DIG INN

FRESH TAKES
(*from left*) Dig Inn's Adam Eskin, Chopt's Nick Marsh, and Dos Toros' Leo Kremer.

Photograph / DAVID YELLEN

hat'd you have for lunch today? If you live on the East Coast, you may have grabbed a fresh marketbowl from Dig Inn or a salad from Chopt. Or maybe a folded quesadilla from Dos Toros. These brands are steady climbers in the fast-casual industry, which is now worth $50 billion. That may be a small slice of the $800 billion restaurant industry, but it's growing fast and changing the mindset of eaters across the country by offering high-quality food, often sourced locally, and always served quickly. And while it may take a place like Dos Toros less than a minute to build your burrito, the operation behind the scenes is an intricate web of challenges and good intentions. We brought Dig Inn founder Adam Eskin, Dos Toros cofounder Leo Kremer, and Chopt CEO Nick Marsh (also a Dos Toros investor) together to chat about their industry, the hurdles ahead, and unexpected camaraderie. *—Stephanie Schomer*

Pretty much everyone thinks they're a food expert these days. Does that make your jobs harder?

MARSH: Customer knowledge is mostly an opportunity. For example, at Chopt we offer destination specials: dishes featuring flavors we've found around the world. We're able to do things we couldn't do five or 10 years ago because there's an appetite for them, and an understanding of what we're offering.

ESKIN: When I first started working on Dig Inn, it was because I saw the customer moving toward eating whole foods. We thought that what happened to grocery would happen to food service. And now we're all here and in business. It's still early, but the industry is still ripe for revolution.

You've all known each other for quite some time. How competitive are you?

ESKIN: It's not zero-sum thinking—*If you get a guest, I don't get a guest*. We can all prevail.

KREMER: Downtown at that food court at Brookfield Place [in Manhattan], our three brands are eyeball to eyeball, sitting in a triangle, and they're all crushing it.

ESKIN: Healthy lines for all!

MARSH: When we were negotiating those leases, we compared a lot of notes—*What does the* [foot] *traffic look like?* There's more in the game than just us being competitive.

You're all committed to local ingredients, which has forced you to build a lot of your supply chains from scratch.

MARSH: In the world in which our brands help each other, it's really the supply chain. It is a totally new frontier when we go to new markets. *Where do I get my produce? Who are the local farmers? What distributor can bring it to me?* It's superexpensive because we're all doing it for the first time.

ESKIN: We have five people that focus just on supply chain, and half the time they're on the phone talking with farmers and distributors, waiting for the industry to catch up.

KREMER: Dos Toros just expanded to Chicago, and our first trip out there was to find a local tortilla supplier. Without that, a new market is a nonstarter. But I do think we've seen movement already—there are more suppliers doing a better job than there used to be.

But for now, sourcing is still expensive, which I'm sure keeps your retail prices high for a lot of folks.

MARSH: We're not in tech, so none of us have investors who have given us boatloads of cash that we can burn through for years. We have to make this work *now*. But if you look at where we can go in the next five or 10 years, there is a vision in which elements of cost structure begin to move in our favor. As our supply chains grow and become more stable, this becomes a less-expensive operation.

KREMER: All our models rely on volume. If we aren't moving more and more people through our lines, the math doesn't shake out.

MARSH: You want to see a line move fast? Dos Toros' double line. [*Marsh is referencing Dos Toros' new configuration, in which the counter is built at a right angle instead of a straight line, creating two separate assembly stations rather than just one.*]

ESKIN: Innovation of the century!

KREMER: [*laughs*] Our epiphany was two perpendicular service lines at each restaurant, effectively doubling the customers we can serve. Speed is important.

ESKIN: At Dig Inn we actually found that speed isn't always our friend. A marketbowl isn't as familiar as a burrito. We've opened a few restaurants and really hit the speed out the gate. But a year later we were like, *Where'd our customers go*? For a period of time, the language internally was "Speed kills." Customers wanted us to take the time to walk them through the menu. We had to strike a balance between speed and service and focus on delivering this experience first, and then pick up the speed.

You're all known for scratch cooking and hospitality. How do you recruit and train employees?

MARSH: The fastest way to crush a company's entrepreneurial spirit is to hire people with too much experience, at the restaurant level or at HQ. Focus on that hourly shift manager who understands what you want the operation to look like. You've got to bring that person up and promote them.

KREMER: It is about offering a viable career path for people. And as far as compensation goes, we are all for a $15 minimum wage. Giving people stability will make a positive difference. And turnover is such a challenge; a living wage is only going to create a better work environment.

ESKIN: You look at a P&L and think, *How can I afford all these employees?* But then you look at it in terms of Jen, who's carrying a second job, working 70 hours a week, and supporting three kids—she's worked for you for four years, but she can't live on what you're paying her? It's messed up. Then we need to pay her more.

MARSH: The thing is, the math works. Our restaurants with higher average wages are more profitable.

ESKIN: You can plot it on a map. Highest wages means the longest-tenure crew members, kitchen leaders, chefs, whatever.

As you scale these businesses, what's too fast? What's too slow?

MARSH: Chopt is probably the most conservative in the group—

ESKIN: And the furthest along, so connect those dots.

MARSH: Our rule of thumb has to be 20 to 25 percent annual growth. Do that for a couple of years, and then rest. This isn't an industry that rewards risk, or growth in a straight line.

KREMER: It's also not an industry where scale magically solves problems. Dos Toros has been in business for eight years, and we've just now entered our second market with Chicago. Missteps are so costly from real estate and guest perspectives.

ESKIN: We'd like to open our third Boston location. We're building it now, but we don't yet have people lined up and trained to open, so when construction is finished, it will sit unopened. Which is...humbling.

KREMER: But it's the right decision.

ESKIN: It is! What choice do we have? Dig Inn will open six units this year on top of 13, and it feels a little shaky. We want to step on the gas, but we don't have that foundation yet, so 2018 will be about solidifying it.

MARSH: We'll end the year with 51 Chopt stores—and the challenges are exactly the same with each one. To Leo's point, scale doesn't solve problems. As you grow, you don't get further away from the edge of the cliff. The cliff just gets higher.

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IT'S HARD BEING A HANDS-ON GUY IN A GROWING EMPIRE

THAT'S WHY **BOBBY FLAY** IS EMBRACING TWO VISIONS AT ONCE: HE'S AT HIS RESTAURANTS COOKING AND TASTING AND GIVING DIRECTIONS, AND HE'S ABOUT TO FLING OPEN THE GATES WITH AN IPO THAT WILL LET VIRTUALLY ANYONE INVEST.

BY JASON ADAMS

t's 1 PM on a Thursday, and Bobby Flay is sitting in his favorite spot to conduct daily business: the corner banquette in the front window at Gato, the Lower Manhattan outpost of his fine-dining empire. He is dressed casually in a dark-blue henley and jeans, wrapping up a call as his team gets situated around him for the first agenda item of the day: testing 10 new cocktails.

Marlene is the new bar manager, and this is her first time pitching the boss her own concoctions. She's a bit nervous, but she's done her homework. And Flay is impressed, on the whole, with her creations. But he zeroes in on one drink in particular. "You know what the surprising flavor in here is," he tells her with genuine admiration, "and not everyone's going to pick up on this—it's the pink peppercorn." But after a further moment's reflection, the garnish in Marlene's drink gives him pause.

"So you're just going to slice a habanero in there?"

Marlene says yes.

"The only thing I will tell you," he says, "is if people pick that up and eat it, they're going to fucking ruin their night. When you have a garnish, people tend to use it."

After 30-plus years running a kitchen, opening dozens of successful upscale and fast-casual restaurants employing, at present, more than 1,000 people, and managing a widening universe of side projects, TV shows, and product lines, the 52-year-old Flay is cocksure and precise in his knowledge of what will and will not go over with the customer, and he shares that knowledge freely with his staffers. Whether it be properly seasoning with salt and pepper (forgetting either is practically a fireable offense) or knowing when a garnish will go off in a customer's mouth like a grenade, these "chef's adjustments," as Flay calls them, often stress nailing the fundamentals of food.

"Running a Fortune 500 company or running a basketball team or running a restaurant business, or whatever the fuck your business is, to me is all the same," Flay says. "I'm rooted in the fundamentals. I was an athlete when I was a kid, and I now know why my basketball coach on day one, two, three, and four never let us shoot the basketball. 'Dribble with both hands until it becomes part of your body. Let's practice passing. Let's practice dribbling. Let's run up and down the court.' I was like, 'What the fuck? I want to shoot,' right? Well, before you shoot, you have to be good at everything else."

Being good at everything else, staying hands-on, minding the details—this is the core of Bobby Flay's whole enterprise. He's always learning and experimenting, never letting success or fame muddy his understanding of the simple, elemental pleasures of good food. Everything he does emanates from that core, from those fundamentals, from passing before you can shoot.

But perhaps more than ever before, Flay is about to test how far those fundamentals stretch.

His fine-dining restaurants allow him to reach only so many people, and a guy like Flay, whose Food Network celebrity made him a household name, has an ever-burning desire to give everyone a taste. At first, he seemed to satisfy that by launching Bobby's Burger Palace in 2008; it's a growing chain designed to bring the flavors and attitude of Bobby Flay to the masses. But that's the easy stuff. Food he knows. Now he's plotting an ambitious franchising plan and an IPO—one designed to let everybody from Wall Street to Main Street own a piece of his empire.

Bobby Flay is a man of precision, of details, of calling his own shots. But in effect, he's about to find out what happens when he lets everyone else into the kitchen.

IT WASN'T ALWAYS about discipline for Flay. In fact, even he will admit that his relentless work ethic and emphasis on nailing fundamentals is "kind of ironic" when you take into account the fact that he dropped out of school at 17. "I didn't do any fucking work," Flay says. "I failed every subject. I couldn't find it in myself to actually be excited about doing any of it, so I didn't do it."

We meet at the Food Network studios—his home away from home away from home—and then go downstairs to eat at Morimoto, the extravagant sushi restaurant owned by his *Iron Chef* nemesis Masaharu Morimoto. Most people today know Bobby Flay as a Food Network star and a regular guest on the *Today* show and countless other programs. But unlike other "celebrity chefs" who have traded their tongs for days spent chasing any licensing deal that might bring in some coin, Flay has always identified first and foremost as a chef, a seasoned pro who still likes to work in his kitchens five days a week when his hectic schedule allows it.

That goes back to his youth, to his decision to drop out. "I hated school so much and didn't know why I hated it," Flay says. "I now know why: Because I wasn't working with my hands."

He left high school and began working at famed New York theater-district haunt Joe Allen, where his father, Bill, was a partner. A busboy called in sick one day, and Bill ordered his son to fill in. Bobby enjoyed the energy and the tactile work, and soon he was in the kitchen manning the salad station. The namesake owner was so impressed with the teenager's skills, he offered to pay his tuition to cooking school. In 1984, Flay was in the first graduating class of the new French Culinary Institute (now the International Culinary Center). He found in the teachings of Escoffier what he never did in *Moby Dick*.

The young chef then worked a few kitchen jobs around the city, including one under legendary chef Jonathan Waxman at his buzzy restaurant Jams. Flay seized on Waxman's then-uncommon use of Southwestern spices to fuel his California cuisine and wanted to put his own twist on it. He got his first opportunity to do so when he was hired as the executive chef at a small Southwestern restaurant in Manhattan's East Village called Miracle Grill.

Meanwhile, Jerome "Jerry" Kretchmer, a politician turned restaurateur who owned (and still owns) the legendary Gotham Bar and Grill, had taken a trip to the Southwest with his wife and come back and told the people at Gotham that he wanted to open a contemporary Southwestern restaurant. Many of Kretchmer's employees frequented Miracle Grill on their days off, and they suggested their boss check it out, too. A week later, he made an offer to Flay. After "many months of trials and tribulations" scouting a location, they opened Mesa Grill on January 15, 1991, during the height of the recession—a time when almost nobody was thinking about opening a restaurant in New York.

"We basically took some paint, we bought the rights to some black-and-white photos that we framed," Flay recalls of those first days of bootstrapping it. "The financing for that restaurant? Are you ready for this? Two hundred eighty thousand dollars."

For comparison, opening a similar spot today might cost upwards of $10 million. Flay handled the food, Kretchmer the financing. The place was a hit, and it paid off. "[Jerry] made me equity partner right away, for a very small piece of the equity, and then I got more equity every year for the next five or six years. I did it in old-fashioned sweat equity," he says. He was on his way.

GROOMING, LISA AHARON/STARWORKS; STYLIST, COURTNEY FUGLEIN

THERE WAS ANOTHER breakthrough at Mesa Grill. Flay met Kretchmer's son Laurence there, and the two, being the same age and of similar gung-ho mindsets, became fast friends and business partners. Together, capitalizing on the success of Mesa Grill, they opened three-star tapas restaurant Bolo in 1993, and then began licensing deals to open other upscale spots, like another Mesa Grill in Las Vegas and Bobby Flay Steak in Atlantic City. They named their company Bold Food, which was also the title of Flay's first cookbook. The foundation of the Flay empire was laid.

"I wanted to be like Wolfgang Puck," Flay says, referring to the godfather of California cuisine, and perhaps the first chef to truly harness the power of celebrity as a vehicle for empire building. "I wanted to have multiple high-end restaurants and travel from restaurant to restaurant, hire lots of people, and start to get a reputation for a certain kind of cuisine, like he did."

Mission accomplished. Flay has his 14th cookbook coming out later this year (*Bobby Flay Fit*, which has a six-episode video tie-in on FoodNetwork.com); an Emmy-award-winning production company called Rock Shrimp Productions, which he co-owns; a mass-market line of spices, sauces, and rubs; and more than a few trappings of success—a multimillion-dollar stable of thoroughbred horses, a weekend house in the Hamptons, and a Hollywood-actress girlfriend (Heléne Yorke, of *Graves* and *Masters of Sex*).

But Flay insists his growth and offshoots came "one day at a time," and each step of the way, he's left considerably more offers on the table than he's taken.

"I say no a lot more than I say yes," Flay says. "I say no 99 times out of 100. I'm fortunate to have lots of opportunities put in front of me, whether they're restaurant deals, endorsement deals, television deals, whatever it is. I think about what I'm going to add to my portfolio that would be helpful, that would strengthen my company as a whole, that would enhance my life."

Of course, the Food Network was one of those opportunities Flay didn't say no to. He made his first appearance on the fledgling channel in 1994, at age 29, alongside the likes of Mario Batali and Emeril Lagasse—and has been a fixture ever since, having starred on some 20 shows. But he never stepped away from his restaurants, which has proven not only shrewd but profitable.

"I didn't give up one for the other," he says. "I work my ass off for the Food Network to give them what they want, and it's been really successful for both of us. The Food Network has been my family. They've been amazing to me. They've allowed me to live out my fantasies on TV. But I don't own the Food Network. I'm not a decision maker at the Food Network. In my restaurants, I'm dictating the story. Good or bad, it's on me. I've been on the Food Network for more than 20 years and I always think of it as my sideline job. You can ask anybody who works with me."

His longtime partner, Laurence Kretchmer, agrees. "Don't get me wrong; we reap some benefits from it," he says. "It helps us get attention. Bobby has a lot of fans, and it's awesome. But we try to keep the horse in front of the cart, and the horse is the restaurants. That's really what's most important to him."

LATE ONE AFTERNOON, I meet Flay at the Roosevelt Field mall on Long Island, at one of his Bobby's Burger Palace outlets. It's just after 4 PM, but the place is doing a brisk business, and the customers are thrilled to see the star in the flesh. He obliges several photo requests, from little girls to high school students, moms and dads. One father presents his daughter simply to tell Flay, "We just had your burger—so good!" Another brings over his son and says to him, "This is Bobby Flay!" Then to Flay: "He loves your burger."

Flay orders a burger, fries, and a beer, and makes small talk with other customers sitting at the counter near him. Staff come up to talk to him. A black-and-white image of him in his chef's coat looms just ahead. He's in his element, comfortable, friendly, and accessible.

The idea for Bobby's Burger Palace came to him about 10 years ago. "I said to Laurence, 'I want to open a burger place.' He said, 'What are you talking about?' I said, 'Well, I'm a burger guy.'" Flay grew up eating at Manhattan hamburger institution JG Melon—which was opened by his father's friend in 1972—and does to this day. "I'm, like, an original customer. I was in my Little League uniform eating cheeseburgers. That's still always my go-to if I'm craving something after work."

Flay wanted to take what he saw as the

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quintessential American food to its quintessential customer, but without compromising quality. "I wanted BBP to be in places where people could go if they couldn't get to my high-end restaurants or maybe couldn't afford them or didn't feel like paying $100 a person to eat at Bobby Flay Steak," he says.

So they got to thinking about it. BBP, naturally, would have to be an extension of Bobby Flay, which meant made-to-order burgers—you want medium, you get medium—each seasoned with proper amounts of salt and pepper, and cooked properly, unlike fast-casual chains' "smash burger" style of smashing a patty with the back of a spatula until it's well-done. Flay considers that an abomination. His fries would be hand-cut and double-cooked like at a bistro in Paris, and his shakes made with fresh ice cream and seasonal ingredients. What's more, Flay would teach his BBP employees all the techniques he teaches staffers at his high-end restaurants. That way they wouldn't be just flipping burgers; they'd be learning marketable skills.

Flay settled on a signature item, the Crunchburger—a patty topped with potato chips—and launched the first BBP in 2008 in a mall in Lake Grove, N.Y. Building a chain wasn't the original intention, but before he knew it, one store became two, then three became five. Now there are 17 in nine states and Washington, D.C., in malls and on city streets, near colleges and inside casinos.

As BBP looks to continue to expand, Flay knows that it puts him in the crosshairs of another fast-casual burger, fries, and shakes chain, run by another successful New York restaurateur who made his name in fine dining: Danny Meyer's juggernaut, Shake Shack, which now boasts 137 stores in 18 states, D.C., and 12 countries.

"I know it's inevitable that Shake Shack and Bobby's Burger Palace will get compared more and more, and I'm OK with that," Flay says, in a tone that suggests he may not be fully OK with that. But when has the host of *Throwdown with Bobby Flay* and *Beat Bobby Flay* ever backed down from a little competition? "Listen, if I got into this business to *not* have competition, I would have been out of business a long time ago, right?"

But he's not competing with just Shake Shack. He's competing against a changing industry. As food costs and rents rise, and diners' tastes are ever-changing, Flay says he's never seen a more challenging moment in the New York City restaurant business. BBP holds its own in his portfolio—it brings in about $34 million annually, against $45 to $50 million in total from his six upscale restaurants—but he thinks it has the greatest potential to grow.

To make that possible, however, Flay needs to expand. And to do that, his company has to do something it's long been loath to do. It's taking on outside financing and outside partners. "We've been in business more than 25 years, and we've always funded everything ourselves," Kretchmer says. "But we don't feel like we can really fulfill the potential of this brand by doing it that way. It's time to grow up, you know?"

The outside partners will be fairly straightforward. Like most companies looking to expand internationally, they plan to find global franchise partners. But the outside financing part is where things get interesting.

Flay and Kretchmer have been "testing the waters" for an IPO, but on a smaller scale than Shake Shack's. The original target for the IPO was this fall, but it may be pushed off until 2018. The goal is to raise a relatively modest $15 million—and to expand slowly. Here, Shake Shack may serve as a valuable lesson. It went public, but after an initial spike, its share price sagged and has since been flat. Many analysts blame this in part on its rapid expansion. It may have raced too fast into a crowded market, and sales couldn't keep pace.

Instead of doing a traditional IPO, Flay's company is considering a different tack. It's called a Regulation A+ filing, a new kind of fund-raising tool introduced in the JOBS Act, which was signed into law in 2012 by President Obama; the Regulation A+ filing was rolled out three years later. It allows companies to raise between $3 million and $50 million from any investor, not just the large institutional investors and investment bank clients that typically get a piece of an IPO. (It also allows those companies to sidestep some disclosure requirements, making the deal riskier for investors.)

Bobby's Burger Palace would be looking at a low share price. Flay doesn't know what price yet, except that it should be much less than Shake Shack's debut at $21. (The next day Shake Shack hit $45.90, but it dropped in January 2016 to the low $30s.) "We want people to feel like they can be involved. That's the whole idea. This is a real-life thing," says Kretchmer. "If you're tuned in to what's happening at Bobby's Burger Palace, either socially or by going to the restaurant, you're going to find out about the offer." This way, they say, the BBP customer can afford both the burger and a piece of Bobby Flay—the clever, final push toward full democratization for a chef known for fine dining.

"I'm in a really interesting position," Flay says. "Let's say you're a well-known actor. People know what your name is, and they might be able to go see your movies, but they can't really actually touch a piece of who you are. But in my case, you can find me in my restaurants, you can eat the food I'm responsible for, whether I've cooked it myself, like at Gato, or cooked the way I want it to be cooked by the people I've trained at Bobby's Burger Palace, with those kinds of flavors that are important to me. It's a more affordable version than my high-end restaurants, but at the same time, they're getting food that's important to me."

Going public can bring plenty of surprises, even to the most experienced of entrepreneurs. Growth suddenly becomes paramount. Investors will have a voice in the way that private CEOs may not be used to. Stock prices can feel out of a leader's control. For a guy like Bobby Flay, who gained control of his career early and has dictated its direction ever since, it could be jarring.

But Flay seems unconcerned. He has a clear vision for the future—and, perhaps most critically, no hesitation about executing it on his own terms. Flay's success, he reasons, is in his own hands-on nature. If there's a problem, he's not delegating his way to a solution. "In my mind, there are two things I'm doing. I want to be in the window at Gato, sitting on that little bench there, drinking an espresso, going over my work for the day, cooking in the restaurant at night. And I want to be growing my burger business by day," he says. "When I say growing it, that doesn't mean I'm just raising money to build stores. That means I am completely hands-on. I am training the trainers. I'm inspiring the staff. I'm talking to customers. I'm in the stores."

Like he has from the very beginning, he says, "I lead with an apron on."

Jason Adams is a writer, editor, creative consultant, and former executive editor of Entertainment Weekly. *He lives in Brooklyn.*

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BY **ELIZABETH G. DUNN**

avid Chang is losing his voice.

It's been a busy few days, even by Changian standards. In addition to darting between the seven restaurants he runs in New York, overseeing the six others scattered from Sydney to Toronto, plotting new ventures and partnerships, and accommodating the usual army of journalists ravenous for his attention, he had just flung open the doors of Fuku Wall Street, the sixth location of his fried-chicken chain. And the very next morning, he appeared outside the restaurant's East Village address to greet sneakerheads waiting in a line for the release of his limited edition Nike Dunks: black denim high-tops emblazoned with a cartoon peach, the logo of Chang's restaurant empire, Momofuku.

The Nike collaboration is the sort of thing that might invite snark—*are we really giving chefs sneaker deals now?*—except that the shoes look great, the line was around the block, and, for Chang, the whole thing seems oddly fitting. He exudes a ferocious determination, a force of will more commonly associated with athletes or entertainers than chefs. Over the course of more than a decade, Chang has opened 13 restaurants, many of them test cases for edgy, unproven cuisines, concepts, or locations. To date, he hasn't closed a single one. *Not one.* In a business legendary for its failure rate, Chang is batting a thousand.

On this particular Monday, Chang has called to discuss his latest restaurant venture, Ando. In a career marked by boundary pushing and radical thinking, Ando—named after Momofuku Ando, the creator of instant ramen and namesake of Chang's restaurant company, and Spanish for "I walk"—might be his biggest risk yet. It is, essentially, a restaurant without a restaurant. There are no tables. There are no chairs and no servers. Just a bustling kitchen and an app selling a small menu of sandwiches and salads in the $9-to-$12 range that can be picked up or delivered around a broad swath of Manhattan in 30 minutes or less.

That's right: delivery food. Traditionally the domain of stuffed-crust pizza and strip-mall Kung Pao chicken, and more recently, the graveyard of various startups trying to disrupt the marketplace. So why does a guy with an unblemished win-loss record, five James Beard awards, and a two-Michelin-star restaurant (Ko) that's on a world's-100-best list—*a guy with his own Nike Dunks*—decide to get his hands dirty with delivery?

"Simple as this," Chang says. "Things are changing so fast in food that if you're still using what worked for you in the past, you're screwed."

HERE'S WHAT screwed looks like.

American restaurants took in around $800 billion in revenue last year, but sales have stagnated at a time when costs continue to rise. The number of independent restaurants is shrinking at a rate of 2 percent a year. For quick-service restaurants—the industry's best-performing segment these days, encompassing chains from McDonald's to Sweetgreen—traffic is expected to grow by a meager 1 percent in 2017. None of this bodes well for the current order. "How the restaurant industry has worked in the past will not work going

PHOTOGRAPHS BY GABRIELE STABILE

forward," Chang said on *The Eater Upsell* podcast in June.

Of the business that restaurants still manage to attract, more and more of it is coming from customers who prefer to stay home. Delivery orders for prepared foods other than pizza have risen by 30 percent in the past four years, according to the market research firm NPD Group. (Pizza chains dominate food delivery, accounting for about 60 percent of it.) Food delivery is a $30 billion market today, and there's tremendous room for growth. Morgan Stanley analysts estimate that if consumer appetite for delivery were being fully met, it would be worth around $210 billion.

So it comes as no surprise that a slew of tech companies and large restaurant chains are scrambling to grab their piece of the pie. Grubhub, DoorDash, UberEATS, Postmates, Caviar, and many others like them provide restaurants with digital portals and on-demand delivery capabilities; McDonald's, Wendy's, Buffalo Wild Wings, and Chili's are among the major operators that have begun using those services to get in on the delivery market.

And then there are the upstarts. A few years ago, a crew of venture-backed startups materialized—the major players have been Munchery, SpoonRocket, Sprig, and Maple—aiming to do delivery food better, faster, and cheaper, integrating kitchen facilities with proprietary apps and delivery platforms. Many of the founders started out with no background in food service, which might explain why their businesses tend to look more like tech firms than restaurant companies: big funding, hefty capital investments, aggressive expansion goals, big bets on customer adoption, and a greater emphasis on logistics platforms and data analytics than on the food itself. "At a lot of these companies, there are more data scientists than chefs," explains Erik Thoresen, a principal at the food-service-industry consultancy Technomic, who has studied the sector. Maybe that's why of the four large venture-backed startups, only Munchery remains, after raising its latest round of financing at a diminished valuation.

Still, with the demand for delivery soaring and Americans becoming ever more discriminating about their dining options, there has to be an opening somewhere. Maybe one ready to be exploited by an actual food expert, a maverick chef known for a healthy gambler's streak and the insane deliciousness of his food.

Which is to say: David Chang.

CHANG HAS BEEN tossing around the delivery question since he opened Momofuku Noodle Bar in 2004, partially at the behest of Mario Batali, who loved the ramen but hated waiting in line for it. But Chang didn't feel that the food on his menus would hold up well enough to offer it outside the restaurant. By 2014, after watching dining habits shift away from sit-down options to fast-casual fare and on-demand everything, he zeroed in on the idea of a restaurant that dispensed with the dining room altogether. The only problem was that he didn't have the expertise in-house to create the kind of digital platform he'd need. "Momofuku has always been a DIY type of thing, but we felt that where we'd draw the line is on technology," Chang says.

So he did two things: He invested in an existing operation, Maple—a widely ballyhooed company that sought to handle everything from sourcing the ingredients to delivering the finished dishes—and he considered launching one of his own.

Maple has since closed; the company never quite got a handle on the economics of running such a multifaceted operation. But Chang had a concept of his own that had promise. The way he saw it, a restaurant built for delivery wouldn't require a pricey chunk of prime retail space in midtown Manhattan. It could run out of an unmarked, out-of-the-way kitchen rented at a fraction of the price. And rather than invest in its own expensive delivery fleet, à la Maple, Chang could outsource the function to third parties—like UberEATS—keeping startup costs even lower. That would allow the company to invest in higher wages and benefits for its kitchen staff, which would help with retention in a business famous for employee turnover.

But Chang's biggest idea had to do with the food itself. He would focus on an aspect of delivery that had been largely ignored by both traditional restaurants and tech upstarts: Food that "holds well," in chefs' parlance. A menu specifically engineered to withstand delivery. That means making dishes that look, feel, and taste as good 30 minutes after they were made as they did the moment they left the kitchen, even after being jostled through traffic on a bike, or sitting at room temperature.

The plan fell into place in 2015, when Chang met Hooman Radfar, a partner at Expa, which bills itself as "a company that creates companies." (Examples of its offspring include Uber and Reserve, a restaurant reservations system.) They hit it off and struck a deal, and while Expa set to work developing the tech, Chang tackled the food.

His first kitchen hire was J.J. Basil, one of the last people you might expect to find behind a deep fryer. Basil was a sous chef at one of New York's most avant-garde restaurants, the now-shuttered wd-50, where he developed, among other things, a technique for aerating foie gras that required months to nail down. After wd-50 closed in 2014, Basil did a stint in Charleston, S.C., for the pioneering Southern chef Sean Brock, testing innovations like Mountain Dew vinegar and soy sauces made from heirloom grains. In other words, he was just the sort of tinkerer Chang needed.

When Chang ran into Basil in 2015, the latter had returned to New York to scout spaces for a restaurant of his own, only to realize what Chang and others had already sensed: "The era of the 30- to 50-seat restaurant is over," Basil says. "With rents like that, you would have to charge prices nobody wants to pay. And you're breaking your back to scrape by." Chang pitched him on Ando. Intrigued, Basil signed on to be head of culinary and operations. Ando opened for business in spring 2016.

When I meet J.J. Basil inside Ando's 14th Street kitchen, he's tinkering with several new dishes, including a salad of smoked tofu, romaine, Chinese sausage, and creamy dressing—"our version of a big, dirty salad," he explains—and a scorchingly spicy sandwich of mushrooms and charred greens. His kitchen crew is busy assembling orders, using beef and chicken from famed butcher Pat LaFrieda, premium Heritage-brand pork, and produce from the Union Square Greenmarket. It's the sort of scene you might encounter at any well-respected restaurant in Manhattan, only here the challenges are completely unique.

Getting food to deliver well, as it happens, is remarkably difficult to pull off. To hit the sweet spot, every item undergoes extensive tasting from Chang, Basil, and their full-time R&D assistant (as well as garnering feedback from Ando's entire office staff, which currently numbers around a dozen) before hitting the menu. Once the food is out in the world, Ando closely monitors customer feedback through the app—comments on saltiness, spiciness, and temperature are the most common—as well as data like how many people clicked to look at the item, and how many of those people followed through to buy it. Adjustments are made accordingly.

Some dishes required months of experimentation, like a fried-chicken entrée, no longer on the menu, that Basil learned to keep crispy over the long haul. (It involved

a highly precise recipe for everything from the starch content of the breading to how the chicken was laid in the fryer.) Others were even more elusive, such as chicken fingers. "That's an example of something that's really delicious but was just too tough for delivery," Basil says, with a grimace. The surface of a chicken tender is skinless, he explains, meaning that moisture pushes out through the breading, rendering a soggy exterior. "That item sold really well, but we ended up pulling it because we weren't happy with it. It just didn't stay as crispy as we wanted.

"There's no getting around that with a chicken finger," he adds, almost philosophically.

Of course, new businesses—especially ones trying to break ground in uncharted territory—are almost guaranteed to face some unwelcome surprises. And in its first year, Ando has had its share.

One of the company's biggest challenges out of the gate has been figuring out how to attract customers. Even when you're David Chang, it hasn't been easy to drum up interest in a restaurant with no physical presence. Ando sends periodic push notifications and marketing emails to anyone who has installed its app, and the brand has also tried direct mail, digital ads, and referral programs where users are rewarded for signing up their friends. "A lot of it has been word of mouth," Radfar admits. "We've tried a number of things and continue to try to find other ways to grow." He remains more focused than ever on product. "If people love the food, they will tell their friends, and the data backs that up."

But there's a more fundamental problem. When it comes to the actual food, Ando has struggled to find its identity. The company's laser focus on R&D has led to a menu that is in a constant state of flux, and not always cohesive. At various times, Ando has sold doughnuts, fried chicken, Asian bibimbap bowls, egg rolls, and Japanese curry, among other dishes. Last November, weeks after Ando closed its $7 million round of venture funding, *Eater* food critic Ryan Sutton panned the offerings, writing that "Ando, with fewer choices, higher prices, and lower quality than other Midtown venues, isn't yet worth switching to from your current delivery staple."

By May, they had opened the second kitchen on 14th Street but were off to a slightly shaky start. So the company hired a seasoned CEO, Andy Taylor. Radfar says he and Chang always knew they needed a third partner—ideally someone with deep knowledge of fast-casual operations to complement Radfar's tech background and Chang's food-trend and fine-dining savvy.

Taylor is just that: a veteran operator who was the chief executive of Hale and Hearty Soups and, before that, COO of Pret A Manger in the States. He's a big get for the fledgling company, highly experienced and very tactical. His first week on the job, he insisted on rotating through positions in the kitchen to get a knack for how everything was done. Then he shut down Ando's original midtown kitchen, feeling it wasn't big enough to scale up to meet the neighborhood's intense lunch rush, and made plans to focus on Ando's other kitchen downtown.

When we spoke shortly after his hire, Taylor told me that his first objective at Ando would be nailing down a firm menu. In July, I tasted several items from the most recent revamp. Basil's menu has evolved from a scattershot collection of flavor bombs to a compact selection of salads, sandwiches, and sides, most with loosely Asian influences, on-brand for Momofuku. (Of the

14 dishes Sutton reviewed, only a cheesesteak and a cookie assortment remain.) Now there's something for everyone, from a wild salmon and quinoa power bowl with a souped-up green goddess dressing to a fat, hearty meatball sub. And all of it holds about as well as delivery classics like pizza and Chinese.

At this point, however, a larger problem has begun to emerge. When Ando launched, Chang and company reckoned that outsourcing delivery to logistics pros like UberEATS would be much more cost-effective than employing their own couriers. That assumption was flawed.

It turns out that while customer demand for delivery is rapidly increasing, so are the costs. Pricing for Ando's delivery providers—mostly UberRUSH and a competitor called Homer—depends on the notion that, guided by the right algorithms, couriers can handle several orders at a time by bundling them from nearby restaurants and delivering to end users in close proximity to each other. But those efficiencies haven't materialized yet. Meanwhile, minimum wage for couriers continues to rise.

"One of the pressures we're facing is that our delivery partners aren't as advanced as we need them to be," Taylor says. Under Ando's initial model, the cost of delivering an order was about $6, of which the company charged customers $3 and contributed the rest. Taylor thinks that cost could go as high as $10 in the long term. The underlying economics would be similar if Ando employed couriers directly.

Taylor is hopeful that as demand for delivery increases, so will efficiency, and costs will eventually come down again. But in the meantime, the business is accepting orders for delivery as well as takeout: In September, Basil's kitchen on 14th Street got Ando signage outside and a modest storefront with a traditional counter (and cashier). Taylor's hope is that customers will spring for delivery when the weather is bad or they're pressed for time, but a takeout option will make the meal cheap enough to be an everyday option.

For what it's worth, Technomic's Erik Thoresen and the other industry analysts I spoke with believe the opportunity for delivery-only outfits to succeed is legitimate—and will likely be realized by small players who grow slowly, and are therefore less reliant on raising continual rounds of increasingly scarce venture funding. By that logic, Ando is well-positioned to succeed. The company has raised just a single $7 million round of funding to date, a fraction of Munchery and Sprig's coffers. Neither Taylor nor Chang has any interest in loading up on investor cash, preferring instead the bootstrapped, everything-on-the-line approach that has gotten them where they are today.

And Chang, for his part, remains sanguine. "We've made a lot of mistakes, but I think we're making the right kinds of mistakes to get to where we want to go," he tells me. "I think right now it's tough going in this space, but more than ever this is how people are going to continue to eat. Exactly how that happens, I don't know, but I think it's worth exploring, considering that I really believe in our food, and we're constantly evolving to make it better. It's exciting, but at the same time terrifying."

He adds: "We've always had big dreams."

Writer Elizabeth G. Dunn has covered the food industry for Esquire, The Wall Street Journal, *and others.*

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OLD SYSTEMS DIE HARD

PASHON MURRAY,
FOUNDER,
DETROIT DIRT

Pashon Murray's father worked in waste disposal and management, and as she was growing up in Grand Rapids, she'd regularly visit landfills with him in the mornings before he dropped her off at school. Even as a kid, she found the system to be flawed. "I would just keep asking my dad, 'How does this work? Why do people keep burying waste?'"

Why? Because that's how it had always been done. She became determined to find another way. That led her to launch a composting company called Detroit Dirt. It picks up organic waste from the Detroit area and composts it, and the resulting dirt is sold or used to grow produce within the city.

The benefits, as she sees it, are threefold. Most landfills are some 30 percent food scraps, and large-scale composting is a step toward less waste; roughly 20 percent of soil in Detroit is unusable due to contaminants like lead, so composting can provide urban farmers with reliable soil; and the availability of locally grown produce means greater access to healthy food for residents. And it's a scalable solution: Two hundred eighteen billion dollars' worth of food is wasted annually nationwide. "That equates to 52 million tons of material being dumped into landfills," she says. "But we can repurpose and reuse it."

It took Murray years to perfect the model, operating on a 2.5-acre plot of land in the heart of the city. She wanted to launch by making a big statement, so she approached General Motors—whose corporate headquarters is home to 29 restaurants and generates plenty of waste—about a pilot program in 2012, and reassured them that there would be an immediate cost benefit. She promised to pick up and haul GM's food waste at a lower price than standard waste management companies do, and offered to provide the resulting compost at a discount.

"That opened the door," she says. In addition to using the nutrient-rich soil fortified with manure from the zoo to landscape its campus, GM installed a rooftop garden with Murray's guidance and sells the produce to city chefs and restaurants. The pilot was immediately successful (and profitable for Detroit Dirt), and four years later, the garden is still thriving.

Since then, Blue Cross Blue Shield and about 30 city restaurants have signed on. The next hurdle? Growth. "I get calls from everybody—hotels, stadiums—but I can't serve everyone just yet," Murray says. She's working to secure a new seven-acre plot of land that will be used to grow client-specific crops (say, hops for local breweries) and research variations of compost. She's also eyeing other cities and locales, with a focus on partnering with public schools and food banks to provide them with subsidized produce. "If we continue to create these corridors of urban farms and grow them vertically, we can change the carbon footprint, change food distribution, and make schools and shelters healthier," she says. "Then we've completed the loop." *—Stephanie Schomer*

FROM WASTE TO GROWTH

With three separate revenue streams, Murray is turning compost to profit.

1/ Food-waste removal

2/ Community orders

3/ Retail partnerships

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BY J.J. McCORVEY

Photographs / ROBERT MAXWELL

h my God, that’s terrible!” Dylan Lauren has just taken a bite out of an organic peanut butter cup, let out a sound almost identical to Lucille Ball’s signature “uugh,” and promptly spat out the barely masticated substance into a napkin. She then slides one across the table and suggests that I try it for myself. So I do, and she’s right—it’s terrible, and tastes every bit as you’d expect a sugar-free, dairy-free, gluten-free Reese’s-cup facsimile would.

I’m sitting in on a biweekly licensing meeting at the Upper East Side headquarters of Dylan’s Candy Bar, where buyers Lauren Ulstad and Michele Polito present Lauren, who is the cofounder and CEO of the eponymous confectionery empire (and is intent on tasting and testing every single thing her company sells), with samples of products from manufacturers around the world that could sit alongside signature items such as the Whirly Pop lollipop and chocolate-covered Swedish fish. There have been some winners today—from a bar of strawberry-almond nougat to a candy glow stick for the upcoming Halloween season—but one thing’s for sure: The “peanut double chocolate honey patties” ain’t happening.

After all, Lauren didn’t build her candy queendom by selling yucky product. Founded in 2001, Dylan’s Candy Bar now boasts 21 store locations across the U.S.—including eight “minicandybars” at major airports, such as JFK and Houston George Bush—which carry more than 7,000 different types of treats and see more than six million visitors a year. Sales have grown 20 percent year over year for the past three years, executives tell me. Fans of Lauren’s emporium include Michelle Obama, Oprah Winfrey, Hugh Jackman, and Suri Cruise, while properties from Wonder Woman to *Despicable Me* and Hello Kitty clamor to partner with the company for cobranded treats, toys, trinkets, and other commemorative items. Lauren herself has been immortalized as a collector’s Barbie doll, and appeared as a mentor on ABC’s *Shark Tank* for tykes, *The Toy Box*.

Despite consumers’ shifting toward healthier foods and away from certain sugary indulgences (see: chocolate honey patties), the confectionery industry is surprisingly robust and thriving. Americans spent $21.5 billion on candy last year, according to Nielsen, with annual candy sales growing 2 percent to 4 percent over the past five. But that doesn’t mean entering the market was easy. It’s extremely crowded and full of major players with a bazillion products—from Mars and Hershey’s to raspberry sour Warheads and buttered-popcorn-flavored Jelly Bellys. Even a savvy candy fan like Lauren could get lost in the noise.

But there was an opening. “Some of the standard, conventional candy that has been on the market for years hasn’t innovated,” says Marcia Mogelonsky, a confectionery analyst at Mintel. “When you go into a supermarket and go to the candy aisle, there’s nothing that jumps out at you.”

This left an opportunity to make the kind of candy people talk about. But Lauren had a hunch, based on her own saccharine obsession: The candy itself—even the best candy she could find—would take her only so far. She had to make the *experience* of buying candy just as sweet.

WHEN LAUREN FLINGS open the door to her 15,000-square-foot flagship store, a mere three blocks from her corporate offices, it's like walking into Willy Wonka's factory—and I imagine the 100 or so visitors and tourists who are scurrying about the place at 2 P.M. on a Tuesday must feel the same.

Part of the wonderment of a Dylan's store is the sheer volume and assortment of candy that enraptures visitors as they enter. Here, at the front of the store, Lauren has personally plucked what she believes are the best treats from around the world—some of which she white-labels and brings under the Dylan's brand umbrella, such as the Whirly Pops and Dylan's Candy Bar chocolate bars, while some brands stand on their own, either for nostalgia's sake (there's actually a "nostalgia corner," featuring Life Savers, Charleston Chews, and artwork from vintage ads) or because they convey a slightly different message than the signature Dylan's whimsy.

Then there's the sheer scale and proportion of the place that unfolds before them. There's the giant lollipop tree, with its translucent, Technicolored sucker branches stretching over their heads; the 10-foot-wide tackle box of gum balls, gummy bears, and Runts hanging behind the cash register; and the glowing staircase, constructed with actual gummy snacks and candy necklaces, stretching upward across the building's three floors, literally enticing customers with each step they take. As I marvel over the space, Lauren—who I am realizing is equally hilarious and meticulous—somehow zeroes in on what isn't excessive *enough*. "I have to tell Lauren [Ulstad] that we don't have enough bunnies here!" she yells over the Counting Crows hit "Hard Candy," standing in front of a Shaq-size chocolate bunny, which is flanked by a shelf of candied hares, eggs, and other confections. (We're here just before Easter.)

It makes sense that Lauren would be the most obsessive about this location: Aside from its flagship status and the proximity to her office, it was also her first. While she's always had a bit of a candy fixation—she compared herself to an Everlasting Gobstopper in one of her college application essays ("I'm very well-rounded, and have a colorful personality...")—it wasn't until she was an art history major at Duke University that she got the idea for a pop-art candy store that boasted the trappings of a modern museum and the ultrasensory details that would make people want to buy stuff. "Because of my passion for design and sort of seeing what my dad did with fashion, I knew I wanted to create a lifestyle brand," she says—her dad being clothing magnate Ralph Lauren. "So it was never intended to be just a candy store."

She had the concept and the cash—having a father worth $5.6 billion certainly had its perks—but she needed the right partner. "I definitely am a creative type. I'm very heavy in the details on strategy but don't enjoy looking at spreadsheets and numbers." In 2000, she was introduced through a mutual friend to Jeff Rubin, a merchandising expert who had set up a candy department in FAO Schwarz, the famed New York City toy store, called "FAO Schweetz." The duo entered into a 50-50 partnership, spent about a year and a half planning, contacting nearly 200 candy vendors, and hit the industry trade shows to find the best goods to stock. The flagship opened its doors on October 11, 2001—exactly one month after the terrorist attack on the World Trade Center. "I think New York needed a happy place," Lauren says.

There are several factors responsible for Dylan's success over the years. First, the company knew its target customers. With its first store situated on 60th Street and Third Avenue—across the street from luxury retailer Bloomingdale's, and only a couple of avenues from midtown proper—Dylan's has always sat in a comfortable median between upscale and lowbrow, the perfect trap for both its well-to-do neighbors and New York City tourists. (The store, which sees around two million visitors per year, is frequently cited on "top 10" destination lists.) "Dylan's isn't just for kids," Lauren makes a point to tell me, more than once. "It's for the kid in the adult."

Next, it grew smart and strategically, in a way that allowed it the space to cultivate a following and strong brand identity. The two-story shop opened with candy, some T-shirts, and candy jewelry for sale, plus a party room. It wasn't until 2005 that Lauren expanded to the third floor and launched a "celebrations" business that included corporate events and off-site parties—and continued to expand into private-label candy and merchandise, which today makes up 40 percent of annual sales. Dylan's didn't embark on its U.S. expansion until years later, launching its Los Angeles outpost in 2012. "I didn't want to dilute the brand by opening stores in every city and every mall," says Lauren, who also rebuffed an offer to sell her products in Target stores. "My goal is to open more flagship stores in major cities—the right corner and location, which takes a long time."

That could be taken as a bit of casual shade thrown toward another event that occurred in 2005: the departure of Rubin, who wanted to take Dylan's mass-market. Rubin went on to launch It'Sugar, based in Florida, another candy chain with a decidedly more aggressive—and raunchier—approach to the business: It has 95 locations in the U.S. and abroad and is known for such products as Dingle Bearies (chocolate-covered gummy bears) and Schweddy Balls (salty chocolate balls named for the *SNL* skit).

But Dylan's has cultivated an outsize image that belies its 21 locations. Its strategic licensing partnerships, from becoming the official "curator of treats" for the Broadway version of *Charlie and the Chocolate Factory* to exclusive collaborations with Claire's and Havaianas flip-flops, put its iconic rainbow logo in front of consumers of all ages. Meanwhile, Dylan's celebrity clientele conveys to its followers that they, too, should be Dylan's clientele.

"This is exactly what I wanted to do," Lauren says. "You can buy candy anywhere, but I was trying to break the mold of the candy world and make it sort of a lifestyle gift store for a high-end customer. That's aspirational to anyone."

TODAY, Dylan's Candy Bar is at what Lauren and her executive team call an "inflection point." In October, it will celebrate its "sweet 16," and Lauren believes she's accomplished what she originally set out to do: She's built a brand that people love, and that still feels special and a little exclusive. Now it's begun restructuring for a bigger, bolder future—one with many more Dylan's stores across the world, where the strength of the brand can really be put to the test.

Within the past several years, the company has made significant changes to its management team, which included hiring Tushar Adya, a former McKinsey consultant, as president and chief operating officer. "I think we've finally gotten to the point of being able to execute on the vision at a much faster pace," Adya says. "We're in a fast, aggressive expansion mode, both globally and across markets."

The beginning of this plan has been to expand its licensed-shop model in airports, the first of which launched nearly four years ago. (There are eight in all, the most recent being at Tampa International Airport.) Run by travel retail giant Paradies Lagardère, the shops typically cover between 600 and 1,000 square feet, and offer the chain an opportunity to capture

new fans who might not be familiar with the Dylan's brand. "It's a captive audience," Adya says. "It's great from a brand-building perspective, because you have millions of eyeballs on the brand, and people really enjoy being able to get a little treat or a last-minute gift before getting on a plane."

The company has also taken full control of its own Long Island–based warehouse—allowing for more control and visibility into its inventory—and has been focused on accelerating its merchandising business. Last year, it brought on the renowned management agency IMG to negotiate licensing partnerships and take the brand into new markets, such as stationery, bakeware, and housewares. Among more recent additions to the product portfolio is a six-foot-wide pool float that looks like a giant, multicolored Life Saver, intended to tap into an apparent "pool float craze." (Who knew?)

Soon Dylan's will embark on its biggest initiative yet: propagating its brand across international waters. In early 2018, it will open a stand-alone, 8,500-square-foot store in Dubai, which represents a larger expansion across the Middle East, according to Adya. Over the next four years, Dylan's plans to open six to eight stores in Abu Dhabi, Kuwait, and Qatar. Setting up shop in the region has presented a new set of challenges, such as having to adhere to stricter food regulations, which means finding new locally based vendors and limiting its product assortment in some stores. To navigate all that, Dylan's hired a local operator, Chalhoub Group, which also oversees several Ralph Lauren stores.

The move represents a major growth opportunity, considering the backdrop of the booming travel and tourism scene of the United Arab Emirates. Dubai International Airport is currently the third busiest airport in the world, having served more than 83 million passengers last year—a 7 percent increase from 2015—and is expected to overtake Beijing and Atlanta for the top title in the next 10 years. Meanwhile, Lauren is actively looking for partners to help take Dylan's into Japan and the U.K.

It might seem to be a surprising strategy for Lauren, who spent so long worrying about diluting her brand by putting a store in "every city and every mall." But it's all part of a natural evolution. "I think some brands don't have the stable roots in the ground to grow," Lauren says. "We're still a lean organization, but I just feel like I have more people [who can help me] control the outcome internally. We want everyone to feel like, 'Wow, can we get a Dylan's Candy Bar in our city?'"

FOR ALL OF HER fascination with and focus on the physical retail experience, Lauren seems to harbor an equal amount of antipathy toward e-commerce. "Social media and the internet...that's not my favorite," she confesses on our walk from the store back to her office, during which I'm finding it increasingly difficult to keep up with her brisk pace. (She works out five times a week, I later learn.) "I really hope that the art of retail is not dead, because I think there's nothing as fun as going into a place and getting inspired, spending 45 minutes [in a store] as a tourist coming into the city, or even for me to window-shop in New York. I mean online is great, but it's a little lazy."

Lauren's neo-Luddism is sort of endearing, but if Dylan's truly wants to take its brand to global heights, the internet will be key. According to Mintel, people in other countries buy candy online at increasingly greater rates than Americans do. For example, a whopping 37 percent of Chinese consumers purchase sweets online, versus

12 percent of Americans. "What's interesting about that is, they're not just buying what they know," Mogelonsky emphasizes. "They actually go online and look for candy, and they buy candy they've never tasted before. We're way behind."

Plus, up-and-coming competitors are taking advantage of digital innovation to create fun new experiences around candy. Last year, Sugarfina, an artisan candy emporium that started as an e-commerce-only outfit, generated so much excitement online with its rosé-infused gummy bear presale that nearly 18,000 customers flocked to its website—and crashed it. Meanwhile, subscription boxes geared toward curating the best sweets from around the world, in much the same way Lauren does for Dylan's, have grown in popularity as well. There's MunchPak, for example, which prides itself on offering customers the hardest-to-find candies around, while both Mouth and Graze offer craft treats with healthier options for those who are indeed trying to reduce their sugar intake.

Lauren is aware of the stakes in this changing retail landscape, and so, like many entrepreneurs, she's accepted a hard truth: Sometimes the customer doesn't share your full vision. "Unfortunately, with the state of the way people shop these days, I have to keep up with that," she says. "A lot of people don't have a Dylan's Candy Bar in their neck of the woods, and they want to be able to buy stuff from us at all parts of the evening. I have to reach those people, too."

As such, Lauren's operations team has taken some recent steps to become more competitive online. A little more than a year ago, the company switched over from a rather old-school, on-premises inventory and sales management system to a cloud-based one developed by the Oracle-owned NetSuite. The move resulted in a reported 66 percent decrease in e-commerce processing times, a 32 percent increase in order volume, and double-digit revenue growth—a great start for more ambitious initiatives down the line. "These investments [in systems] make the infrastructure a lot stronger and stable so we can be able to execute bigger opportunities," says Adya. Currently, e-commerce makes up less than 10 percent of the company's sales. Within the next two years, he plans to double that.

In the meantime, Lauren, the visionary, will stay focused on what she loves most: the experience. Back in the buying meeting, she's scrupulously poring over new goodies and merchandise to be ready for the upcoming and all-too-important Halloween and Christmas holidays. "That looks demonic!" she exclaims after being presented with a clear, plastic gummy-bear-shaped container with red antlers, which will be filled later with red (or green) gummies. Then, sea-salt caramel milk chocolate squares, which she (understandably) deems "a bad flavor for a kid," their intended buyer. She'll let them slide under one condition—that they're named Green Booger Caramel, which of course screams trick-or-treat. (They ended up naming them Eat Me If You Dare.)

"Nothing goes without me checking everything. My name's on the door," she later tells me. "Maybe one day we'll open a candy hotel or a candy theme park. I wanna take over the world with candy, you know?"

J.J. McCorvey is a business and technology writer in New York.

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BARRIERS TO ENTRY ARE HIGH

JESSAMYN WALDMAN RODRIGUEZ, FOUNDER, HOT BREAD KITCHEN

Jessamyn Waldman Rodriguez spent much of her career in NGOs, and learned that the food industry held many opportunities for low-income immigrant women—if only they knew how to break in. So in 2007, she found a way to open those doors: She'd bake bread.

She created Hot Bread Kitchen, a non-profit that sells its bread across New York City, and the nation via its website. Proceeds would fund a Bakers-in-Training program, to teach these women how to make artisan bread, as well as job skills like English and math. The product took off at retailers like Whole Foods and Dean & DeLuca, and many of the program's 191 women have been hired by New York institutions like Eataly and Zaro's Bakery. "Somebody told me that not a piece of artisan bread is consumed in New York City that hasn't been touched by Hot Bread Kitchen," the CEO says.

The success allowed her to expand. "Women in our program wanted to start their own businesses but couldn't afford it," she says. So she moved her operation to East Harlem's La Marqueta, a marketplace that's been open since the 1930s. Then she launched HBK Incubates, a food-business accelerator.

The program addresses a problem that's baked into food startups: Up-front costs can be prohibitive. "I see culinary incubators as a proxy to capital in early years when growth is risky," says Waldman Rodriguez. "We help businesses get profitable, prove concept, and show growth before having to raise the minimum six-figure amount required to get a licensable commercial kitchen."

The program is competitive, and Waldman Rodriguez selects entrepreneurs with both a great idea and proven sales, whether they're a part-time caterer or an at-home jam maker. From there, HBK Incubates helps them professionalize and figure out how to scale. Entrepreneurs pay membership fees and hourly rates to rent space; the incubator subsidizes 40 percent of the current 75 participants.

In addition to essentials like equipment and storage, participants receive an average of two years of guidance from Hot Bread Kitchen staff, who guide product development, marketing, and customer support.

And Waldman Rodriguez stresses that *everything*—from the product to the sales pitch—must be in working order before an entrepreneur tries landing a big client. Sales can solve many problems but will exacerbate hidden ones. That's why once she began organizing retailer showcases, she invited only her truly polished members. That has led to real-world success: One hundred eighty-nine businesses have come out of HBK Incubates, and when Whole Foods opened a new store in Harlem this summer, eight recent graduates' brands were represented on its shelves.

Waldman Rodriguez has learned lessons, too. "When I started this, I was impressed by fancy business plans, but that does not equal hustle," she says. "Now we push the quality of the product *and* of the entrepreneur. I want to put our resources behind people who want to grow a business." *—Amy Wilkinson*

NOTABLE ALUMNI

Three HBK Incubates entrepreneurs have found their winning recipe.

FANNY PEREZ / Las Delicias de Fanny

MAYA MACLAUGHLIN / Maya's Jams

ISABEL GUNTHER / Little Green Gourmets

PHOTOGRAPH BY JENNIFER MAY/HOT BREAD KITCHEN

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Franchise/ Franchisee

Rising Through the Ranks

Amol Kohli used to wash dishes at Friendly's as a teenager. Today, he's an owner—and he still draws on those early lessons to be an effective leader. **by NINA ZIPKIN**

Photographs / BENJAMIN RASMUSSEN

When Amol Kohli took his first job at a Friendly's restaurant in Philadelphia, he was 15 and had one goal in mind: work his way up to manager, so he could beef up his college applications. He set out to become indispensable, learning every position in the restaurant. Need a server? Kohli was there. Down a dishwasher? Kohli filled in. Short a cook? He could do that, too. His bosses took notice, and he earned that manager position, working until he departed for college. After graduation, he returned to the business he knew inside and out, and became a franchisee. Now Kohli owns 12 Friendly's locations in the Philadelphia area, as well as four Tilted Kilt pubs. As the 29-year-old navigates the business world, he's learned how to connect with communities, motivate his team, and help employees find their own paths to success.

How has your history with Friendly's influenced your approach as a franchisee?
If you're a waiter, you don't necessarily understand the pressures a cook feels, or a manager, or a host. Yet all these groups work together to deliver a great customer experience and get people to come back again. I started as a server and worked my way up—I cooked, scooped ice cream, washed dishes. It gave me a real sense of how the business functions operationally, and it helped me appreciate each department. Now, at my restaurants, we've developed a culture where no job is too big or small. If you're going to tell somebody to do something, be prepared to show them how to do it yourself. This business is about managing people; it's not about managing a concept, or a brand.

What are some ways you help guide your employees into management positions?
When we have an internal job opening in management at a restaurant, we ask all our GMs to send recommendations from their teams. If our GMs come back and don't think anyone is quite ready, we'll go to the employees themselves and ask if anyone is interested in exploring a management role. That message lets them know that we're here to help develop their skill sets. A lot of our young employees are entering the work environment for the first time. We have to serve as coaches first, to help develop staffers. Your best employees often end up being your best managers.

You became a franchisee right out of college. What challenges have you faced as you've grown your business?
When I started, my age was a major factor—people would think, *Oh, he's just a kid, and I don't want to work for a kid.* One of my first transactions was when I was 22, and I bought an existing block of restaurants. But what I completely underestimated was, the family I purchased it from had been in business for 15, 20 years, running these units in their community. I was so excited, but everybody else didn't trust me. The community didn't know who I was. I had no credibility.

What did you learn from that experience?
I realized very quickly that I needed to surround myself with people who would believe in me and in the organization, and then represent us out in the field. At the time, I thought simply buying the stores gave me credibility. They're mine! But you have to earn the respect of your staff, as well as your reputation in the community. It doesn't come with ownership—and that lesson is something money can't buy.

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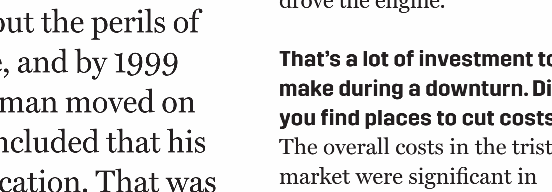
Franchisor

Lessons Learned

It took **Richard Weissman** three decades (and the 2008 financial crisis) to perfect his model for an early-education franchise operation. Now, with 200 locations and a thriving stable of franchisees, The Learning Experience is at the top of the class.

by LYDIA BELANGER

Richard Weissman knows the value of a good lesson. In 1980, when his parents opened The Learning Experience, a private preschool in Boca Raton, Fla., he learned about hard work, spending his after-school hours mopping floors and cleaning toilets. In 1987, after cofounding a new learning center franchise concept, Tutor Time, with his parents, he learned about the perils of rapid growth: Success came quickly, too quickly to manage, and by 1999 the Weissmans were no longer running the business. Weissman moved on to a less-than-satisfying stint in private equity, where he concluded that his business roots still rested with business ownership and education. That was why, in 2001, he set out to revive his parents' original brand, The Learning Experience, with a handful of locations. But his plan for small, sustained growth slowly grew into a robust franchise operation with a national presence. And this time, the CEO is older, wiser, and smartly managing growth.



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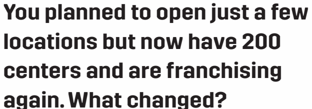

You planned to open just a few locations but now have 200 centers and are franchising again. What changed?
I thought four or five successful preschools could be a nice life. We built a fairly large organization with Tutor Time the last time around, and I thought this was the time to manage expectations. But as soon as I got started, I realized it wasn't in my blood to facilitate a small company. We started franchising The Learning Experience in 2003, and my goal was to be the dominant preschool company for New Jersey, New York, and Pennsylvania. But because of entitlements, zoning, and site plan approvals, our schools were taking years to build. We had to look at a larger footprint to facilitate growth.

But the financial crisis threw a wrench in your plans.
In 2007, we had 27 locations and $17 million in revenue with pretty significant growth in front of us. I have been in this business some 30-odd years and had seen multiple recessionary markets. But when you're in the middle of it, you always feel that's the worst of times. If franchisees believed that they weren't going to do well, then they weren't going to invest in their centers.

How did you convince them success was still possible?
There was a sign on our door at corporate that said NO NEGATIVES BEYOND THIS POINT. We had to lead by example. We put videoconferencing and instant messaging in all our centers and started daily marketing calls. We brought everyone to a convention—and spent a fortune—just so I could tell them our story. We provided working capital loans to franchisees, but you had to do it our way. We drove the engine.

That's a lot of investment to make during a downturn. Did you find places to cut costs?
The overall costs in the tristate market were significant in terms of taxes, living expenses, and hiring talent. So in 2009, I relocated the entire headquarters to South Florida. I had historical talent to recruit there, since that's where our earlier operations were based.

How did franchisees respond to the added oversight?
At the time, about 35 percent of the system was company-owned—and that's unusual. So when a franchisee would say, "I can't do it," I would say, "Look at corporate stores and what we're doing. We're maintaining payroll. We're maintaining marketing." A franchisee can't tell you you're wrong if you've already proved it. And now the franchisees are doing as well or better than our corporate centers. The changes really proved the model and made us better.

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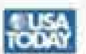

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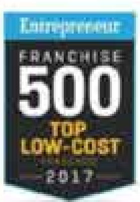

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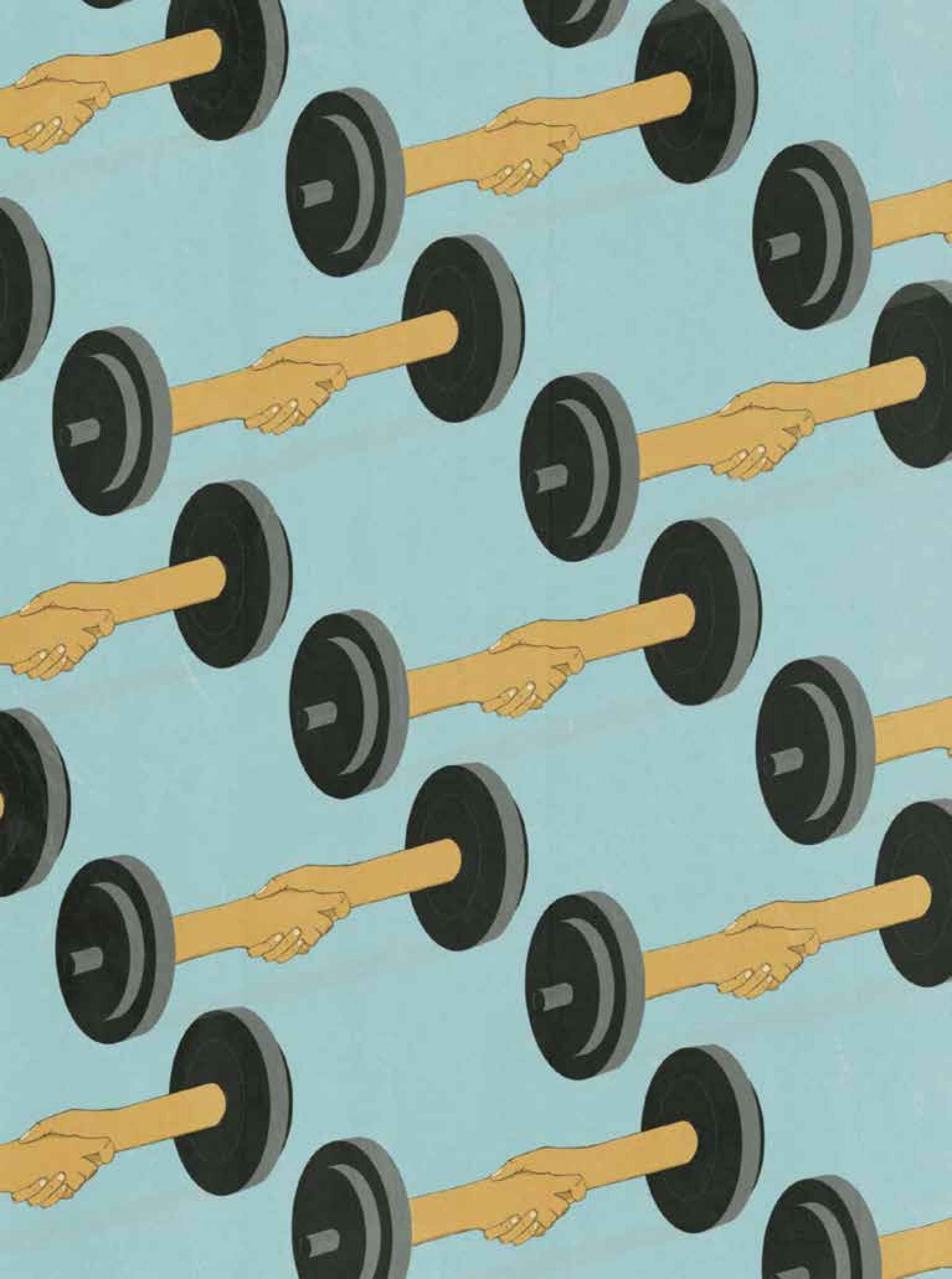
The Future of Fitness Will Be Franchised

Only one in five Americans belongs to a gym. But with aggressive expansion strategies and low membership costs, clubs like Planet Fitness, Crunch, and Anytime Fitness think they can double (or even triple) that, and franchisees are lining up to get in on the action.

by CLINT CARTER

Illustration / ANDREA UCINI



Back in February 2012,

Anna Dey called her dad in Cleveland with what seemed like an impulsive request. "You're not happy with your career, and you're still 10 years away from retiring," she said. "I want you to help me open a gym." ¶ His reply? "Hell, no." ¶ She'd expected as much. Her dad, Von Hollingsworth, had spent 30 years in the electronics-distribution industry. He had a comfortable, stable career, and he wasn't going to throw it away on a lark. But to Dey this was no lark. Then 24 and just two years out of college, she was a sales manager for Altria, which used to be known as Philip Morris. Basically, she sold cigarettes. But her real passion was fitness. All day, she thought about her workouts. And when she worked out, she envied the manager of her gym, thinking, *Gosh, I wish I had that job.* She hired a personal trainer, then got certified as a trainer herself.

Eventually, Dey decided she wanted to open a gym of her own. The way she saw it, she had the drive and sales-training charisma to be a successful gym owner. She just needed someone with business smarts and the savings to pitch in. Her father fit the bill.

A month after the initial rejection, Dey sat her parents down for a formal pitch. She presented cash-flow and startup-cost estimates for different gym models, along with reports showing that Americans were becoming increasingly interested in fitness. She showed them a building she'd picked out in Concord, Ohio, and she compared the nearby residents with those in Columbus, which was similarly affluent but boasted far more gyms per capita. Finally, to prove her commitment, she told her parents, "If you provide the startup costs, I'll move back home and work 12-hour days for free until we start turning a profit."

Hollingsworth paced while his daughter spoke. The plan seemed too wild, too expensive. He was ready to shut it down until his wife turned to him. "You need to make this work, Von," she said.

That was it. Within a few months, the father-daughter team was in contract with Anytime Fitness, a Minnesota-based outfit with 3,600 locations globally. They signed a lease on the 5,500-square-foot building Dey had picked out and started stuffing grand-opening flyers into newspaper boxes around town. By the time the gym opened later that year, they'd already secured 196 one-year memberships. A year later, they had 1,000 members, and Dey and her dad were both earning more than they had at their previous jobs. Plus, they were happier and healthier.

"We both know how beneficial this has been for our lives," says Dey. "Franchising is the best decision we made."

IT'S AN EXCITING time to be selling fitness: The U.S. market currently brings in about $31 billion annually. About one in 10 of those dollars comes through a franchise, but in recent years, franchise growth has outpaced the overall industry. According to the market research firm IBISWorld, the fitness market as a whole will grow at 1.5 percent between now and 2022, and franchise brands will grow about twice that fast, as they become stronger and entrepreneurs look for more turnkey opportunities.

Analysts categorize Anytime Fitness as a midmarket fitness club, which means that, alongside its franchise competitor Snap Fitness, it offers memberships in the $25-to-$74-a-month range. While these gyms are thriving in many locations, the biggest growth is happening at the high and low ends. A report from the International Health, Racquet & Sportsclub Association found that in 2015, memberships to midmarket clubs grew by 2 percent, while during that same period, premium clubs (with $75 to $99 dues per month) experienced 21 percent growth, and budget-club memberships (less than $25 per month) shot up by an astonishing 69 percent.

On the luxury side, brands like Equinox charge $75 or more per month for fitness bundled with spas, cafés, and juice bars. These tend to be corporate-run facilities that don't franchise. But on the budget end, franchise opportunities abound. Growth is robust among low-frills, high-positivity gyms selling memberships for $10 and $20 a month.

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starts memberships at $9.95 a month with the option to attend group classes for an extra $10 a month, has opened about 200 clubs, and it has another 550 more under contract. Retro Fitness is poised to open more than 60 gyms this year, and Blink, the newest member in the low-cost game, expects to open its first franchise location by the end of the year. (Blink is owned by the people who own Equinox, which goes to prove the industry's faith in bifurcation: Even the leader of luxe wants a piece of the budget game.)

The pioneer of the low-cost model—and by far the biggest player—is Planet Fitness, which today claims more than 10 million members. Of its more than 1,300 franchise gyms, more than half opened in the past four years, and the company expects expansion to be even faster for the next four.

What's behind these growth numbers? Chris Rondeau, CEO of Planet Fitness, points to a couple of drivers, the first being what analysts hail as the death of retail. As brick-and-mortar merchandise brands suffer, commercial vacancies rise, making it easier for service industries like fitness to scoop up real estate. "Seven or eight years ago, it was much harder to get good sites," says Rondeau. "We were fighting with Best Buy and Barnes & Noble. Now landlords are looking for new business to drive traffic, and we're getting much better locations at cheaper costs." In other words, gym-goers show up several times a week. That's routine patronage that strip-mall and shopping-plaza landlords can use to entice other businesses to stick around.

The second driver, Rondeau says, is wellness mania. People want to look and feel better, and to make that happen, they're deploying wearable fitness trackers, meditation apps and services, weekend mud races, organic-food delivery services, and fitness centers. But it's not a zero-sum game. Rather than choose one service—or one gym—consumers are increasingly combining several tools and memberships to build a custom wellness plan. The piecemeal approach is what Bryan O'Rourke, a brand consultant with 20 years of fitness-industry experience, calls "lifestyle design," and it's where budget models have an advantage: Consumers view $10 a month as a bargain, even if they only occasionally work out.

"IF YOU HAVE THE DRIVE, WE CAN TEACH YOU," SAYS BEN MIDGLEY, CEO OF CRUNCH. "WE'RE NOT GOING TO LET YOU SCREW UP... THAT'S THE BENEFIT OF A FRANCHISE MODEL."

There's also ample room for growth. For every person who belongs to a gym, there are four more who do not, and many of the latter group could greatly benefit from working out. "Despite the unbelievable growth in the fitness space, more Americans are unhealthy," says Chuck Runyon, CEO of Anytime Fitness. "They are not eating properly, they're not sleeping very well, and they're not moving very often." While nobody is celebrating this situation, unfit people do create opportunity, along with a shared sense of purpose, within the industry. "Everybody realizes that we're not fighting each other," says Vince Julien, a 38-year industry veteran with 10 Crunch clubs in Georgia and Florida. "The competition is the 80 percent of people that we haven't gotten off their asses yet."

So confident is Julien in the industry's ability to motivate these people that he's in contract to quadruple the number of gyms he owns. "For 30 years, people have said that as the gym business becomes more crowded, it's starting to become a commodity," he says. "I don't think so. It's just becoming more fragmented, which means it now reaches a bigger percentage of the population. There are more options for more people." He likens fitness to other industries. "If you look at a Home Depot, you often see a Lowe's across the street. And when you look at a McDonald's, you see a Wendy's or Burger King nearby. I think the fitness industry is going to get stronger when we see three health clubs on a corner instead of one."

FIVE YEARS IN, Dey's experience seems to bear that out. After her first year in business, the competitors moved in. A dozen or so boot-camp and CrossFit-style studios opened up, as did an Orangetheory, a Title Boxing, and a Planet Fitness—the latter just six miles away and charging $25 less per month. Despite that, Dey's memberships are down only 6 percent from their peak, which likely means that as health club competition heats up, more people are growing interested in fitness.

That leads to a couple of conclusions. First, as competition builds in Dey's community, more people sign up. And second, customers see value in the add-on services she provides—services they can't find at more bare-bones competitors.

Each gym franchise offers a unique value proposition that aims to pull in people with perks like towel service, steam rooms, group fitness classes, and so on. For Dey's Anytime, the higher dues afford members the option to work out one-on-one with a trainer. Dedicated instructors (who pull in an additional fee of $20 an hour) not only help people reach their fitness goals but also create personal relationships that keep them coming back.

In other cities, flexible franchise agreements have allowed owners to install daycare centers or even racquetball courts if that helps them stand out from the local competition. Planet's budget model, on the other hand, is a strict numbers game: Pack the building with sweaty members by cutting out potential loss leaders and maximizing the number of machines.

The fact that Dey's Anytime Fitness had higher fees may have even worked to its advantage. With fewer people crowding the gym-room floor, one-on-one services became even more attractive. "Our personal-training growth has always offset any membership decline we've seen," says Dey, who notes that nearly two in 10 of her members now pay extra for the service. "Our business is actually healthier now than it was before those competitors came to town."

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because you've yet to consider the startup costs. For a full-size studio complete with machines, free weights, and a trained staff, you need roughly $500,000 to $2.5 million. (Anytime and Snap are generally smaller, so they run a little less.) But from the moment you sign your franchise agreement, you're still six to 18 months from opening your doors. You'll scout locations, send out letters of intent, and spend two to four months negotiating before calling in architects and working with the city to secure permits. Once green-lit, you'll solicit bids from contractors, who will need a couple of months to turn your empty space into a fitness mecca.

It's a tricky and often stressful process, which is partly why franchise brands give preference to growth-minded partners who are willing to sign on for multiple locations. "If you're a franchisee with a lot of experience running your own business, then you'll be much more efficient than somebody who just left the financial industry because they wanted to be their own boss," says Ben Midgley, CEO of Crunch. The average Crunch franchisee owns nearly 12 gyms, and only about one in 10 Planet Fitness locations is opened by a first-time franchisee.

That's not to say newcomers can't follow their fitness dreams. "If you have the drive, we can teach you," says Midgley. "We're not going to let you screw up on your payroll model, place the wrong marketing, or pay too much for your flooring. That's the benefit of a franchise model." And the upside is reliable cash flow: For a big-box gym, annual revenues between one and three million are common.

But if the initial investment sounds daunting, boutique studios offer an easier inroad to fitness. Franchises with buzzy brands like Orangetheory, Pure Barre, Tough Mudder Bootcamp, and 9Round have smaller footprints, and although they generally don't pull in as much cash as their Best Buy–size counterparts, they don't require as much up front, either. These brands are growing rapidly by tapping the same tribal devotion as CrossFit: A report from the IHRSA found that while memberships in traditional health clubs grew by 5 percent between 2012 and 2015, membership to boutique studios grew by a whopping 70 percent. And that's despite typical fees of $20 to $40 per visit.

Luke Catenacci, 35, went the boutique route. After 10 years as a portfolio manager for a hedge fund with stints in Tokyo and Hong Kong, the New Jersey native moved back to the U.S. to start his own business. "I was thinking about getting into the fitness industry, but I didn't have any direction," he says. He explored the options and decided on F45, an Australian-based chain built on complex high-intensity workouts made easy by flat-screen TVs mounted along every wall in the studio. The screens project looped demonstration videos of the day's exercise class so clients can see how to swoop medicine balls over their shoulder or lurch sideways, Slinky-style, while

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swinging kettlebells between their knees. (On-site trainers help and motivate anyone who needs it.) "It's the kind of workout I was looking for, but it also made sense from a business angle," says Catenacci. "It filled a gap between typical boutique fitness and CrossFit."

Despite having nearly 500 locations in Australia, only a couple of F45 branches had opened in the U.S. Catenacci emailed the corporate office, and the next day, the CEO called him. "I'll be in Las Vegas next week," he said. "Would you like to meet me there?"

Catenacci flew out, and within a few weeks, he'd landed on the ground floor of the company's U.S. expansion plan. He partnered with his brother, Jeff, and then counterintuitively decided to lease a storefront in a fitness hot zone in Manhattan with nearly a dozen other established boutiques in a two-block radius, like Barry's Bootcamp, SoulCycle, and Fhitting Room. "I wasn't worried about competition as a negative factor," says Catenacci. "It's a high-foot-traffic area, and people are already used to working out here. I felt the exposure could only help us."

The brothers drummed up $250,000 for a buildout that added locker rooms and five shower stalls. On its opening day in March, F45 had more than a hundred people show up for its first five classes. Daily attendance dropped slightly after membership-drive discounts expired, but it's been upward growth since, with workouts at popular times nearly hitting the studio's 36-person capacity.

Of course, there's a risk with boutiques. They're at the mercy of shifting consumer interest. Remember step aerobics? Or Billy Blanks' Tae Bo? As fads come and go, studios devoted to one approach can fall out of fashion. It's impossible to know which ones will still thrive in a decade. But at least for the moment, the overall trend toward joining and opening fitness clubs—large or small, budget or luxe, specialized or general—appears to have legs. "It's a great time to be in this industry," Runyon says. "There are still plenty of growth opportunities for all of us." ■

Clint Carter is a Brooklyn-based writer and editor who covers health and fitness.

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Caring Transitions — Largest Senior Transition Services Company Nationwide.

TruBlue Total House Care — Leader in House Care Management for Seniors and Busy Adults

BE THE BOSS

OF YOUR SUCCESS

Whether your passion is food, fitness, art, helping people or problem-solving, there's an opportunity bespoke to your talents. Find your inspiration with the businesses featured in this section.

9Round
Fitness and Kickboxing

PuroClean
Restoration Services

Express Employment Professionals
Staffing

Pillar To Post
Home Inspection

HOW 9ROUND IS TAKING KICKBOXING FITNESS TO THE WORLD

ABOUT 9ROUND

9Round is a specialized fitness center that brings kickboxing fitness training to the average person in a convenient, affordable, 30-minute, full-body circuit format.

9ROUND FAST FACTS

- More than 550 gyms in 40 states and 12 countries
- Opened nearly 300 new gyms in the last 24 months
- Average total investment is under $100k
- $30 billion fitness industry

Step into any of 9Round's 550 locations around the world and you'll feel it. The fastest growing kickboxing fitness gym and 40th top franchise under $100k is *electric*—a high-energy, exciting environment where members and owners are achieving their goals, one full-body, 30-minute workout at a time.

A Champion-level Concept

Founded in 2008 by professional kickboxer and martial artist, Shannon "The Cannon" Hudson, 9Round is a concept born out of a passion.

"I knew if I took the grueling workouts from the ring and created a convenient, non-intimidating, circuit workout," says Hudson, "the average person would enjoy the benefits of boxing and kickboxing without getting hit."

A proprietary, copyrighted system, 9Round consists of nine, three-minute stations that span cardio, weight training, core exercises and kicks and punches on 100-pound, double-end, upper cut and speed bags. Along with the full-body workouts, 9Round also offers heart rate monitoring technology and nutritional guidance to help members achieve lasting results.

A Winning Cost of Entry

Listed #40 on *Entrepreneur*'s top franchises under $100k, 9Round is a recognized leader as an affordable investment for franchisees for a few simple reasons.

- Small footprint – The average 9Round is around 1200 square feet.
- No expensive equipment—The average cost for all equipment, electronics, flooring, etc. is $30,000. The cost for most gyms/ fitness clubs is at least $200,000.
- Low labor burden – Franchise owners can operate with as few as two to four employees per gym, because of the small footprint and nature of the model.

Get Started with 9Round

With a proven business model, a network of dedicated support staff, and hundreds of other franchisees, 9Round is growing fast, with plans to hit 1,000 locations by the end of 2018.

For 9Round Information:

Jeff "The Machine" Mathews
SVP, Franchise Development
jeff.mathews@9Round.com
9Round.com/entrepreneur
(480) 621-5740

Tom and Tracey Capuano of Pillar To Post Home Inspectors of Cincinnati, OH

PILLAR TO POST HOME INSPECTORS®- ONE FRANCHISEE'S STORY

Tom Capuano was asking himself one question over and over in the late 90s. "How am I going to stay afloat?" At the time, Tom owned his own small heating and air conditioning business.

"Business was down. It was hard to find the time to run it myself," said Capuano. It was apparent to me that I needed to find an alternate way to use my experience and skills in heating and air conditioning. The way we were going at the time, I knew I would have to file for bankruptcy," says Tom. After doing so, the Capuanos got a fresh start in life by purchasing a Pillar To Post Home Inspection franchise using their last credit cards.

A Pillar To Post home inspector checks a fireplace.

"Wow what a difference after we chose and joined Pillar To Post Home Inspectors®, continued Capuano, "not only because they are the number one home inspection franchise in North America, but after meeting with the people and learning the program, we were sold. The enthusiasm, family atmosphere and help we got from this franchisor changed everything! The first year in business I performed 442 home inspections, getting my family and I out of our major financial slump. My wife Tracey and my kids helped the first year by stuffing envelopes and sending out marketing materials. It became a family business pretty quickly. And it drew us together even more," remembered Capuano fondly.

The second year started out strong and I achieved my next goal, which was to run a home inspection business rather than be a home inspector", Capuano Said. mid-year I hired my first employee inspector, and I doubled the number of inspections. I continued to hire great people who my clients, reliable and trusted real estate agents, would like and trust just like me.

In 2005 I was recognized as the Pillar To Post Franchisee of the Year and in November, 2015 we performed our 30,000th home inspection. Today my team is made of eight full time inspectors, a marketing rep, a customer service rep and an accounting clerk. I have not performed a home inspection in 4 years myself but we love being part of our community and part of the Pillar To Post Home Inspectors family.

ABOUT PILLAR TO POST

From a nearly bankrupt couple to an Emmy Award winning producer, Pillar To Post Home Inspectors helps people find a new career in the multi-billion dollar home inspection industry. Our company culture fosters top franchisees with a Top Performer Program that directs them from the beginning of their careers to retirement. Our support helps our franchisees make us the Number One Home Inspection Company on the Entrepreneur 500®

PILLAR TO POST FAST FACTS

- Franchise Fee: $18,900
- Over 550 franchisees in 49 states and 8 Canadian provinces
- Tremendous training and support offered
- Cited frequently as Number One Home Inspection company in North America
- Franchisees have great opportunity for growth

Pillar To Post

pillartopostfranchise.com

3 FINANCIAL QUESTIONS TO ASK BEFORE YOU BUY A FRANCHISE

David Lewis, Vice President of Franchising for Express Employment Professionals, offers advice on a few key questions.

How Much Money Do You Need To Be Successful?

It's not just the cost of the franchise fee versus how much money you have available to invest. For example, a brand may tell you that you need a million dollars to open. However, if it actually takes you two years to break even, you will wind up spending a great deal more than that initial one million dollars.
Express Employment Professionals provides payroll funding for associates, this allows franchisees the opportunity to grow and serve new clients without the constraints of short-term lending.

How Much Will Your Business Pay You?

Be sure to check the Franchise Disclosure Document for Item 19. This item is optional, so not every franchise will offer it. If the franchisor does not share Item 19, you are essentially being asked to buy into the franchise cold.

Franchises that show Item 19 disclose a valuable financial performance representation of the franchise. For example, the Express Item 19 discloses that mature Express offices averages $6.2 million in sales each year. That's powerful knowledge to know before starting a business.

What Does the Franchisee Investment Cover?

Every franchisor is required to tell you how much of an investment you must make, but it's often not clear how far that investment will take your business.

Another point to understand is, what aspects of the business are covered in the initial franchise agreement. Within Express, multiple service lines and industries are covered in the initial franchise agreement allowing the franchise to mirror market demands and conditions.

ABOUT EXPRESS EMPLOYMENT PROFESSIONALS

Express Employment Professionals franchisees are on a mission to put a million people to work annually by helping as many people as possible find good jobs with as many clients as possible. Express has been named the No. 1 staffing franchise on the *Entrepreneur* 500 list for the last seven years.

EXPRESS EMPLOYMENT PROFESSIONALS FAST FACTS

- Start-up costs average less than $150k
- Average start-up offices generated $1 million in first year sales*
- Mature offices average $6.2 million in annual sales*
- More than 780 franchise locations and 34 years of success

For Express Employment Professionals Information:

Express Employment Professionals
Franchising@ExpressPros.com
ExpressFranchising.com
(877) 652-6400

* For territories open more than 60 months, average sales in 2016 were $6,266,483. First year offices averaged $1,016,560, according to Item 19 in the Express Franchise Disclosure Document.

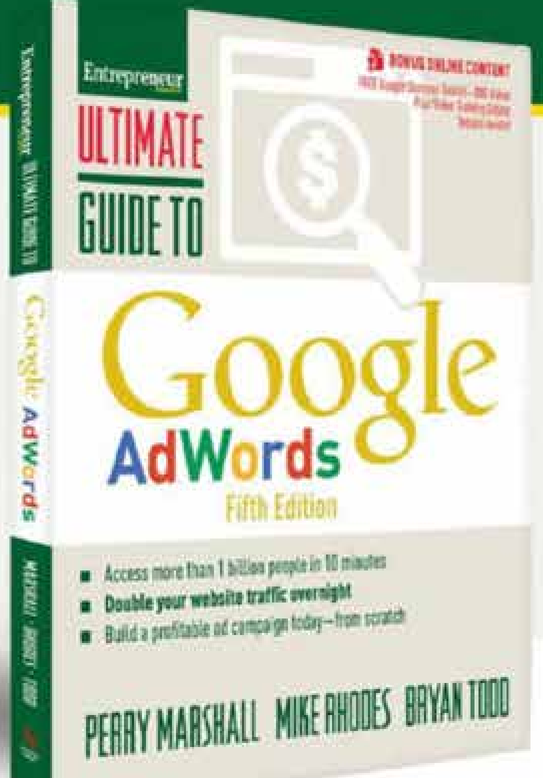
Access More Than 1 Billion People In Ten Minutes

- Implement flexible bid strategies that keep you on budget

- Triple your traffic with Google's Display Network

- Set up your Google Shopping campaign in three simple steps

- Write remarketing ads that get clicks and conversions



Entrepreneur Magazine's **Ultimate Guide to Google AdWords** presents the fundamentals, techniques, tools, and tricks Google should teach you, but doesn't.

entm.ag/googleadwords

ABOUT PUROCLEAN

When property damage occurs, PuroClean is driven to provide unmatched restoration service experience quickly, professionally, ethically, and compassionately.

PUROCLEAN FAST FACTS

- **Very high margins with third-party payments**
- **Largest territories in the industry — unlimited potential**
- **Financing available for over 50% of total investment**
- **Strategic partner for large loss commercial opportunities**

DON'T BUY YOURSELF A JOB, BUILD AN EMPIRE

In 2011, Jason Smith opened his PuroClean franchise in Annapolis, Maryland with just two trucks and a dream to create financial freedom for his family. Today, he has two PuroClean offices and is on his way to creating his PuroClean empire. After growing his franchise into a more than $1.75 million business, he sold the office. This year, Jason opened two new locations, bringing PuroClean to Naples, Florida and Bloomfield Hills, Michigan.

Jason plans to continuously grow his enterprise in both cities. He has two production vehicles and expects to purchase more. Additionally, he plans on expanding into four neighboring territories in both markets. How is he building a multi-state empire? “PuroMetrix, the internal claims software, and other operations protocols that the PuroClean team at the Home Office has in place, has allowed me to effectively run my business remotely,” Jason said. “PuroClean sets up every franchisee for success, whether it's a one-truck operation or a budding business empire like mine. From financing, to the $1.2 million, state-of-the-art training facility, PuroClean provides a fool-proof way to reap financial benefits. You also end every day knowing you helped someone in a time of need, reaping emotional benefits.”

Jason also credits his cross-country success to PuroClean quickly becoming a world-class, recession-proof brand. There's more than $204 billion worth of insurance claims annually and PuroClean offers sprawling territories so franchisees in every market can “bank” on success. The company also has an advanced training program for franchisees looking to work with national partners. “The Certified Priority Response (CPR) program has added $300,000 in revenue to just one of my businesses,” Jason said. “National insurance companies trust PuroClean, which allows franchisees to succeed in multiple markets. Being the go-to partner for insurance carriers has diversified my business in Michigan and Florida.”

Armed with the support of the PuroClean Franchise Support Center, Jason is taking the helm in building the Smith family empire.

For PuroClean Information:

Timothy Courtney

franchise@PuroClean.com

PuroCleanOpportunity.com

(855) 978-1776

VET★FRAN

FRANCHISE 500 BEST OF THE BEST 2017

DO YOU HAVE WHAT IT TAKES TO OWN IT?

Grab the wheel and find out what it's like to be in control of your own future. If you've got what it takes to run your own business, now is the time to learn more about the Snap-on Tools franchise opportunity:

- **– *Entrepreneur* Franchise 500 Top Tool Franchise since 2013**
- **– #1 tool brand in the world**
- **– Extensive initial training**
- **– Financing may be available through Snap-on Credit**
- **– Proven business model**

SnaponFranchise.com

Snap-on Tools Company LLC, Kenosha, WI
Minnesota Franchise Registration No. F-2327

Name Your Price

WE RANK THE TOP 50 FRANCHISES FOR THREE DIFFERENT BUDGETS: **LESS THAN $100K, $100K TO $500K,** AND **MORE THAN $500K.**

by TRACY STAPP HEROLD

THE OPPORTUNITIES available in franchising are as varied as the personalities, skill sets, and yes, bank accounts of the people interested in purchasing them. That's why *Entrepreneur* is ranking franchises by what it costs to buy into them. On the following pages, for the first time, we list the top 50 franchises from each of three startup-cost tiers: less than $100,000, $100,000 to $500,000, and more than $500,000. The companies' order comes from their position in our 2017 Franchise 500 list, which evaluates more than 150 data points in the areas of costs and fees, size and growth, franchisee support, brand strength, and financial strength and stability.

One important note: A company's placement within a particular tier does not mean that *all* franchisees will be able to start their business within that range but simply that it is realistically possible for some. Each company's full estimated initial-investment range is listed to give you an idea of what a franchisee might spend to open a unit.

Keep in mind that these lists are not intended as a recommendation of any particular franchise. Startup costs are just one of many factors to consider in your search for the franchise that's right for you. Always carefully read a company's legal documents, consult with an attorney and an accountant, and talk to existing and former franchisees before investing.

PHOTOGRAPH BY BILL DIODATO/GETTY IMAGES

BEST FRANCHISES FOR
Less than $100,000

1
RE/MAX
Real estate
STARTUP COST $37.5K–$224K
TOTAL UNITS (Franchised / Co.-Owned) 7,217 / 0

2
Kumon Math & Reading Centers
Supplemental education
STARTUP COST $69.8K–$141.4K
TOTAL UNITS (Franchised / Co.-Owned) 25,811 / 30

3
Mosquito Joe
Outdoor pest control
STARTUP COST $66.6K–$122.5K
TOTAL UNITS (Franchised / Co.-Owned) 233 / 2

4
Merry Maids
Residential cleaning
STARTUP COST $56.5K–$180.4K
TOTAL UNITS (Franchised / Co.-Owned) 1,672/14

5
The Maids
Residential cleaning
STARTUP COST $76.1K–$164.4K
TOTAL UNITS (Franchised / Co.-Owned) 1,223/111

6
Jan-Pro Franchising International
Commercial cleaning
STARTUP COST $3.99K–$51.6K
TOTAL UNITS (Franchised / Co.-Owned) 8,224/0

7
Matco Tools
Mechanics' tools and equipment
STARTUP COST $89.2K–$267.8K
TOTAL UNITS (Franchised / Co.-Owned) 1,670/1

8
Right at Home
Home care, medical staffing
STARTUP COST $78.3K–$137.9K
TOTAL UNITS (Franchised / Co.-Owned) 532/0

9
HomeVestors of America
Home buying, repair, and selling
STARTUP COST $44K–$347.3K
TOTAL UNITS (Franchised / Co.-Owned) 829/0

10
Baskin-Robbins
Ice cream, frozen yogurt, frozen beverages
STARTUP COST $94.4K–$402.2K
TOTAL UNITS (Franchised / Co.-Owned) 7,722/6

11
Pillar To Post Home Inspectors
Home inspections
STARTUP COST $33.9K–$42.3K
TOTAL UNITS (Franchised / Co.-Owned) 550/0

12
Home Care Assistance
Nonmedical home care
STARTUP COST $77.8K–$245.3K
TOTAL UNITS (Franchised / Co.-Owned) 110/24

13
FirstLight HomeCare
Nonmedical home care
STARTUP COST $97.7K–$141.7K
TOTAL UNITS (Franchised / Co.-Owned) 154/0

14
CPR-Cell Phone Repair
Electronics repairs and sales
STARTUP COST $24.6K–$173.5K
TOTAL UNITS (Franchised / Co.-Owned) 376/4

15
Rooter-Man
Plumbing, drain, and sewer cleaning
STARTUP COST $46.8K–$137.6K
TOTAL UNITS (Franchised / Co.-Owned) 609/3

16
BrightStar Care
Medical/nonmedical home care, medical staffing
STARTUP COST $94.2K–$176.6K
TOTAL UNITS (Franchised / Co.-Owned) 305/4

17
Nurse Next Door Home Care Services
Medical/nonmedical home care
STARTUP COST $99.7K–$188.2K
TOTAL UNITS (Franchised / Co.-Owned) 113/1

PHOTOGRAPH COURTESY OF MOSQUITO JOE

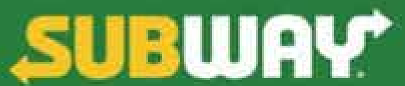
Mosquito Joe

MOSQUITO JOE ALREADY KEEPS costs low for franchisees by allowing them to run their businesses from home and working with vendors to provide system-wide discounts for franchisees. In addition to offering a discount for veterans—as many franchisors do—Mosquito Joe offers current and former law enforcement officers and firefighters a "community heroes" discount of $2,500 off their franchise fee.

Own your own sandwich shop.

Franchise opportunities are now available locally and worldwide.

If you enjoy working with people, leading your own team, learning new skills and are ready for an exciting new challenge, contact us today! The Subway® franchise fee is $15,000 which is included in the total investment. The total investment can range from $147,050 to $320,700+ (See Franchise Disclosure Document for further details.) Restaurant owners should have half of the total investment in cash and finance the other half. Please visit subway.com or call Ralph Piselli, Franchise Sales Manager: 800.888.4848 x 1312 .



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18
Stratus Building Solutions
Commercial cleaning
STARTUP COST
$3.5K–$64.6K
TOTAL UNITS (Franchised / Co.-Owned)
1,325/0

19
Coverall
Commercial cleaning
STARTUP COST
$16.8K–$49.4K
TOTAL UNITS (Franchised / Co.-Owned)
8,871/0

20
Cruise Planners
Travel agencies
STARTUP COST
$2.1K–$22.9K
TOTAL UNITS (Franchised / Co.-Owned)
2,432/1

21
Pop-A-Lock Franchise System
Mobile locksmith and security services
STARTUP COST
$99.7K–$134.3K
TOTAL UNITS (Franchised / Co.-Owned)
561/3

22
Jazzercise
Group fitness classes, conventions, apparel, and accessories
STARTUP COST
$3.5K–$12.9K
TOTAL UNITS (Franchised / Co.-Owned)
8,880/0

23
Synergy HomeCare
Nonmedical home care
STARTUP COST
$38K–$152K
TOTAL UNITS (Franchised / Co.-Owned)
353/0

24
Visiting Angels
Nonmedical home care
STARTUP COST
$77.99K–$102.3K
TOTAL UNITS (Franchised / Co.-Owned)
558/0

25
Anago Cleaning Systems
Commercial cleaning
STARTUP COST
$10.5K–$65.6K
TOTAL UNITS (Franchised / Co.-Owned)
1,458/0

26
Novus Glass
Auto glass repair and replacement
STARTUP COST
$49.97K–$268.9K
TOTAL UNITS (Franchised / Co.-Owned)
1,953/41

27
The Grounds Guys
Landscape maintenance
STARTUP COST
$73.5K–$200.1K
TOTAL UNITS (Franchised / Co.-Owned)
209/0

28
Jantize America
Commercial cleaning
STARTUP COST
$29.6K–$207K
TOTAL UNITS (Franchised / Co.-Owned)
291/0

Two Men and a Truck International

TWO MEN AND A TRUCK made its initial foray into Montana this year with the first two examples of the company's new "mini-market" model, which offers territories for populations of between 75,000 and 200,000. (The norm for their standard model is 420,000.) More than 120 mini-market territories are now available, allowing new franchisees to keep costs down with reduced franchise fees, fewer trucks (just one to start), and a smaller staff.

29
uBreakiFix
Electronics repairs
STARTUP COST
$63.6K–$185.5K
TOTAL UNITS (Franchised / Co.-Owned)
301/21

30
MaidPro
Residential cleaning
STARTUP COST
$58.96K–$203.8K
TOTAL UNITS (Franchised / Co.-Owned)
239/1

31
Restoration 1
Water, fire, smoke, and mold remediation
STARTUP COST
$77.95K–$182.1K
TOTAL UNITS (Franchised / Co.-Owned)
110/0

32
ServiceMaster Clean
Commercial/residential cleaning, disaster restoration
STARTUP COST
$56.2K–$265.7K
TOTAL UNITS (Franchised / Co.-Owned)
5,007/10

33
Yesco
Sign and lighting service and maintenance
STARTUP COST
$65K–$352.2K
TOTAL UNITS (Franchised / Co.-Owned)
47/47

34
Estrella Insurance
Auto, home, and business insurance
STARTUP COST
$49.95K–$84K
TOTAL UNITS (Franchised / Co.-Owned)
134/0

35
Weichert Real Estate Affiliates
Real estate
STARTUP COST
$50K–$364.7K
TOTAL UNITS (Franchised / Co.-Owned)
309/138

36
Weed Man
Lawn care
STARTUP COST
$68.5K–$85.5K
TOTAL UNITS (Franchised / Co.-Owned)
335/0

37
Ikor International
Patient advocacy and guardianship for seniors and people with disabilities
STARTUP COST
$86.5K–$138.1K
TOTAL UNITS (Franchised / Co.-Owned)
66/0

38
ASP - America's Swimming Pool Company
Swimming pool maintenance, repairs, and renovations
STARTUP COST
$96.1K–$143.3K
TOTAL UNITS (Franchised / Co.-Owned)
229/0

39
9Round
Kickboxing circuit-training programs
STARTUP COST
$75.2K–$116.8K
TOTAL UNITS (Franchised / Co.-Owned)
518/6

40
Two Men and a Truck International
Moving services
STARTUP COST
$95K–$666K
TOTAL UNITS (Franchised / Co.-Owned)
302/2

41
Amada Senior Care
Home care and assisted-living placement
STARTUP COST
$87.7K–$174.7K
TOTAL UNITS (Franchised / Co.-Owned)
58/0

42
AtWork Group
Temporary, temp-to-hire, and direct-hire staffing
STARTUP COST
$99.5K–$174.5K
TOTAL UNITS (Franchised / Co.-Owned)
62/28

43
TeamLogic IT
IT managed services for businesses
STARTUP COST
$84.5K–$137.3K
TOTAL UNITS (Franchised / Co.-Owned)
94/0

PHOTOGRAPH BY BETH KALDWELL/TWO MEN AND A TRUCK

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- Be your own boss and say goodbye to commutes

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LOVE TRAVEL, MAKE MONEY

44
Vanguard Cleaning Systems
Commercial cleaning

STARTUP COST
$10.9K–$39.4K

TOTAL UNITS
(Franchised / Co.-Owned)
3,237/0

45
Chem-Dry Carpet & Upholstery Cleaning
Carpet and upholstery cleaning, tile and stone care, granite renewal

STARTUP COST
$56.5K–$161.96K

TOTAL UNITS
(Franchised / Co.-Owned)
3,474/0

46
ComForCare Home Care
Nonmedical home care

STARTUP COST
$76.7K–$175K

TOTAL UNITS
(Franchised / Co.-Owned)
202/0

47
Dream Vacations
Travel agencies

STARTUP COST
$3.2K–$21.9K

TOTAL UNITS
(Franchised / Co.-Owned)
1,109/0

48
Fiesta Auto Insurance and Tax
Insurance and tax-preparation services

STARTUP COST
$49.7K–$107.5K

TOTAL UNITS
(Franchised / Co.-Owned)
155/0

49
College Hunks Hauling Junk/College Hunks Moving
Junk removal, moving, and labor services

STARTUP COST
$89.3K–$208.2K

TOTAL UNITS
(Franchised / Co.-Owned)
192/10

50
Realty One Group
Real estate

STARTUP COST
$53.3K–$220K

TOTAL UNITS
(Franchised / Co.-Owned)
56/23

BEST FRANCHISES FOR $100,000 to $500,000

1
7-Eleven
Convenience stores

STARTUP COST
$37.2K–$1.6M*

TOTAL UNITS
(Franchised / Co.-Owned)
59,067/505

**While 7-Eleven's initial investment range varies widely based on different circumstances, the $100,000-to-$500,000 range is most typical for a first-time franchisee.*

2
Dunkin' Donuts
Coffee, doughnuts, baked goods

STARTUP COST
$228.6K–$1.7M

TOTAL UNITS
(Franchised / Co.-Owned)
12,287/0

3
The UPS Store
Postal, business, printing, and communications services

STARTUP COST
$177.96K–$402.6K

TOTAL UNITS
(Franchised / Co.-Owned)
4,982/0

4
Jimmy John's Gourmet Sandwiches
Sandwiches

STARTUP COST
$329.5K–$557.5K

TOTAL UNITS
(Franchised / Co.-Owned)
2,651/63

5
Ace Hardware
Hardware and home-improvement stores

STARTUP COST
$272.5K–$1.6M

TOTAL UNITS
(Franchised / Co.-Owned)
4,912/98

6
Wingstop Restaurants
Chicken wings

STARTUP COST
$303.2K–$922.9K

TOTAL UNITS
(Franchised / Co.-Owned)
929/20

PHOTOGRAPH COURTESY OF JIMMY JOHN'S

Jimmy John's Gourmet Sandwiches

JIMMY JOHN'S SIMPLIFIED its store designs to bring down costs for franchisees. From interior signage to building supplies to furniture, the new look reduces installation costs and adds more flexibility to each store's layout. The company is also embracing the character of existing spaces—leaving concrete floors and structural elements exposed—and keeping the store's total square footage to a minimum.

FOUNDER & CEO DEBI LANE TALKS ABOUT THE VIBE BEHIND THE BRAND, THE EARLY, EXPLOSIVE GROWTH AND THE KINDS OF PEOPLE WHO JOIN THE CULTURE-DRIVEN FRANCHISE.

LunchboxWax: Success Symbol

When Debi Lane took her chic-and-cheeky body-waxing salon concept from a private boutique to a large-scale franchise business, she imagined bright, new business owners opening up their own LunchboxWax franchises in thriving, progressive communities.

The first handful of franchisees confirmed her vision, as areas sold quickly, one to a woman with decades in the beauty industry and the other to the former director of women's services in a university in the Pacific Northwest.

Then something happened Lane hadn't predicted: Heavy hitters started knocking on the door. We're talking the kinds of people who enjoy tremendous success as multi-unit franchisees of international brands. We're talking the kinds of places that attract millions of people each year with no-appointment-required hairstyles or have-it-your way burgers.

So, why are savvy entrepreneurs lining up to be part of the LunchboxWax franchise family?

"Our brand is iconic. It represents what we do with a playful wink and represents our inner verve that fuels a culture of heart-driven, headstrong people who are as interested in taking care of themselves as they are contributing to a greater whole," Lane said. "It makes sense that the symbol that has been the guiding force of our success also draws successful people to it."

During the first year of franchising, six salons opened nationwide to welcome women and men who are mindful about the people and places they choose for personal services. Those numbers more than doubled the second year and repeated the same trajectory in 2016.

"Walk into any LunchboxWax salon, and the competence, confidence and kindness is palpable," said Ed Sheridan, who operates salons in the Northeast with his son Patrick. "The energy resonates and tells this great story. It's natural to want to be a part of it."

As 2017 gets underway, Lane says she looks forward to awarding franchises to a diverse mix of curious, culture-driven professionals — people who want the independence afforded by business ownership and the support of a dedicated team in an industry poised for growth (no pun intended).

She says, "Behind our expertly trained waxologists, thoughtfully designed salons and specially formulated products is an energetic team that guides each franchisee every step of the way."

Learn more about becoming a LunchboxWax franchisee at lunchboxfranchise.com.

This is not an offer to sell or solicitation of an offer to buy. Offers are only made in states where we have complied with applicable law and an offer to sell or a solicitation of any offer to buy a franchise shall be made solely by a Franchise Disclosure Document. All financial information is as shown in Section 19 of the FDD to be disclosed to potential franchisees during the awarding process.

7
Sport Clips
Men's sports-themed hair salons

STARTUP COST
$189.3K–$354.5K

TOTAL UNITS
(Franchised / Co.-Owned)
1,621/43

8
Supercuts
Hair salons

STARTUP COST
$144.4K–$293.8K

TOTAL UNITS
(Franchised / Co.-Owned)
1,593/1,191

9
Anytime Fitness
Fitness centers

STARTUP COST
$89.4K–$677.8K*

TOTAL UNITS
(Franchised / Co.-Owned)
3,617/38

While it is possible to open an Anytime Fitness express unit for as low as $89,350, it is more common for startup costs to fall above $100,000.

10
Firehouse Subs
Subs

STARTUP COST
$124.7K–$1.3M

TOTAL UNITS
(Franchised / Co.-Owned)
1,022/32

11
Krispy Kreme Doughnuts
Doughnuts, coffee

STARTUP COST
$275K–$1.9M

TOTAL UNITS
(Franchised / Co.-Owned)
1,059/113

12
Orangetheory Fitness
Group personal training

STARTUP COST
$424.5K–$980.8K

TOTAL UNITS
(Franchised / Co.-Owned)
668/16

13
Jersey Mike's Subs
Subs

STARTUP COST
$193.2K–$660.4K

TOTAL UNITS
(Franchised / Co.-Owned)
1,201/56

14
Miracle-Ear
Hearing instruments

STARTUP COST
$119K–$287.5K

TOTAL UNITS
(Franchised / Co.-Owned)
1,331/32

15
Pearle Vision
Eye care and eyewear

STARTUP COST
$410.2K–$622.4K

TOTAL UNITS
(Franchised / Co.-Owned)
421/110

16
Phenix Salon Suites Franchising
Salon suites

STARTUP COST
$296.8K–$952.7K

TOTAL UNITS
(Franchised / Co.-Owned)
154/4

17
Great Clips
Hair salons

STARTUP COST
$132.3K–$253.1K

TOTAL UNITS
(Franchised / Co.-Owned)
3,868/0

18
One Hour Heating & Air Conditioning
Residential HVAC maintenance, repair, and replacement

STARTUP COST
$81.8K–$535.9K*

TOTAL UNITS
(Franchised / Co.-Owned)
303/37

The low end of One Hour Heating & Air Conditioning's cost range applies only to the conversion of an existing business. A franchisee starting a new business will invest more than $100,000.

19
Express Employment Professionals
Staffing, HR solutions

STARTUP COST
$130K–$206K

TOTAL UNITS
(Franchised / Co.-Owned)
772/0

20
Snap-on Tools
Professional tools and equipment

STARTUP COST
$169.5K–$350.2K

TOTAL UNITS
(Franchised / Co.-Owned)
4,692/162

21
Subway
Subs, salads

STARTUP COST
$147.1K–$320.7K

TOTAL UNITS
(Franchised / Co.-Owned)
44,830/0

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Jersey Mike's Subs

"TRAINING IS AN ESSENTIAL investment," says the company's president, Hoyt Jones. "Our founder and CEO, Peter Cancro, has always said that we are a training company, and that is fueling our growth." That's why Jersey Mike's offers extensive guidance at no additional cost to franchisees. New franchisees send three employees to the company's training center for up to 360 hours of instruction. Those who don't make the trip eventually receive help from one of the company's 60 certified trainers who travel the country. Last year they worked with 10,000 team members.

PHOTOGRAPH COURTESY OF JERSEY MIKE'S

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Edible Arrangements

PHOTOGRAPH COURTESY OF EDIBLE ARRANGEMENTS, LLC

HEALTHY SYSTEMWIDE SALES can spell hefty savings for franchisees. Edible Arrangements used to purchase a branded chocolate for franchisees to dip their fruit-shaped flowers in, but once the company's chocolate needs surpassed two million pounds a year, Edible Arrangements was able to work directly with a manufacturer to develop its own proprietary recipe. This, along with changes to its shipping process, has resulted in more than $600,000 annually across its franchise and corporate stores.

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22
Marco's Pizza
Pizza

STARTUP COST
$222.8K–$663.8K

TOTAL UNITS
(Franchised / Co.-Owned)
831/0

23
Edible Arrangements International
Sculpted fresh-fruit bouquets

STARTUP COST
$195.5K–$327.7K

TOTAL UNITS
(Franchised / Co.-Owned)
1,243/6

24
Mathnasium Learning Centers
Math tutoring

STARTUP COST
$102.8K–$143.6K

TOTAL UNITS
(Franchised / Co.-Owned)
782/11

25
Spherion Staffing
Staffing, recruiting

STARTUP COST
$100.4K–$167.8K

TOTAL UNITS
(Franchised / Co.-Owned)
184/0

26
Servpro
Insurance/disaster restoration and cleaning

STARTUP COST
$156.1K–$209.95K

TOTAL UNITS
(Franchised / Co.-Owned)
1,715/0

27
Moe's Southwest Grill
Southwestern food

STARTUP COST
$368.8K–$915.7K

TOTAL UNITS
(Franchised / Co.-Owned)
661/5

28
Papa John's International
Pizza

STARTUP COST
$130.1K–$844.4K

TOTAL UNITS
(Franchised / Co.-Owned)
4,353/744

29
Huntington Learning Centers
Tutoring and test prep

STARTUP COST
$110.1K–$225.7K

TOTAL UNITS
(Franchised / Co.-Owned)
231/35

30
GNC Franchising
Vitamins and nutrition products

STARTUP COST
$192.1K–$354.2K

TOTAL UNITS
(Franchised / Co.-Owned)
3,238/3,506

31
Hand and Stone Massage and Facial Spa
Massage and spa services

STARTUP COST
$466.2K–$528.4K

TOTAL UNITS
(Franchised / Co.-Owned)
328/1

32
Budget Blinds
Window coverings, window film, rugs, accessories

STARTUP COST
$105.1K–$225.9K

TOTAL UNITS
(Franchised / Co.-Owned)
1,089/0

33
Beef Jerky Outlet Franchise
Jerky, sausages, specialty foods

STARTUP COST
$215.8K–$394.9K

TOTAL UNITS
(Franchised / Co.-Owned)
96/1

34
Enviro-Master International Franchise
Restroom hygiene products and services

STARTUP COST
$166.3K–$292.7K

TOTAL UNITS
(Franchised / Co.-Owned)
72/2

35
Keller Williams
Real estate

STARTUP COST
$183.95K–$336.99K

TOTAL UNITS
(Franchised / Co.-Owned)
862/0

36
Auntie Anne's Hand-Rolled Soft Pretzels
Soft pretzels

STARTUP COST
$199.5K–$380.1K

TOTAL UNITS
(Franchised / Co.-Owned)
1,734/15

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PrideStaff

UNTIL THE END OF 2018, the temp staffing company PrideStaff offers new franchisees a $10,000 credit, paid in monthly installments, to be used toward required expenses such as software, subscriptions, and email marketing during their first six months in operation. And if the franchise achieves PrideStaff's 5-Star Award by earning a $50,000 gross margin in those first six months, they'll be given an additional $10,000 credit to cover the rest of the year.

PHOTOGRAPH COURTESY OF PRIDESTAFF

37
Dickey's Barbecue Pit
Barbecue

STARTUP COST
$280.8K–$481.8K

TOTAL UNITS
(Franchised / Co.-Owned)
563/7

38
Benjamin Franklin Plumbing
Plumbing service, repair, maintenance

STARTUP COST
$89.8K–$412.1K*

TOTAL UNITS
(Franchised / Co.-Owned)
266/11

**The low end of Benjamin Franklin Plumbing's cost range applies only to the conversion of an existing business. A franchisee starting a new business will invest more than $100,000.*

39
Waxing the City
Facial and body waxing

STARTUP COST
$121.9K–$451.8K

TOTAL UNITS
(Franchised / Co.-Owned)
55/1

40
The Learning Experience Academy of Early Education
Preschool/educational childcare

STARTUP COST
$495.3K–$3.6M

TOTAL UNITS
(Franchised / Co.-Owned)
143/30

41
FastSigns International
Signs, graphics

STARTUP COST
$182.3K–$267.5K

TOTAL UNITS
(Franchised / Co.-Owned)
618/0

42
PrideStaff
Staffing

STARTUP COST
$112.6K–$237.5K

TOTAL UNITS
(Franchised / Co.-Owned)
72/3

43
Mac Tools
Automotive tools and equipment

STARTUP COST
$103.2K–$255.3K

TOTAL UNITS
(Franchised / Co.-Owned)
883/37

44
Office Evolution
Virtual office services, coworking spaces, executive-suite and conference-room rentals

STARTUP COST
$150.5K–$530K

TOTAL UNITS
(Franchised / Co.-Owned)
18/7

45
Storm Guard Restoration
Exterior restoration

STARTUP COST
$169.4K–$295.1K

TOTAL UNITS
(Franchised / Co.-Owned)
43/3

46
HoneyBaked Ham
Specialty foods, catering, cafés

STARTUP COST
$299.2K–$468.2K

TOTAL UNITS
(Franchised / Co.-Owned)
206/197

47
Kiddie Academy
Educational childcare

STARTUP COST
$459.3K–$4.3M

TOTAL UNITS
(Franchised / Co.-Owned)
187/1

48
Once Upon A Child
New and used children's clothing, equipment, furniture, toys

STARTUP COST
$254.5K–$392.2K

TOTAL UNITS
(Franchised / Co.-Owned)
354/0

49
CMIT Solutions
IT and business services for small businesses

STARTUP COST
$128.3K–$176.4K

TOTAL UNITS
(Franchised / Co.-Owned)
159/0

50
Cinnabon
Cinnamon rolls, baked goods, coffee

STARTUP COST
$181.1K–$325.5K

TOTAL UNITS
(Franchised / Co.-Owned)
1,349/2

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1
McDonald's
Burgers, chicken, salads, beverages
STARTUP COST
$1M–$2.2M
TOTAL UNITS (Franchised / Co.-Owned)
31,307/5,598

2
Dairy Queen
Ice cream, burgers, chicken
STARTUP COST
$361.5K–$1.8M*
TOTAL UNITS (Franchised / Co.-Owned)
6,839/2

** The low end of Dairy Queen's initial investment range is for its "Treat" model. Most franchisees open the "Grill & Chill" model, which starts at more than $500,000.*

3
Taco Bell
Mexican food
STARTUP COST
$1.2M–$2.6M
TOTAL UNITS (Franchised / Co.-Owned)
5,559/909

4
Hardee's
Burgers, chicken, biscuits
STARTUP COST
$1.4M–$1.9M
TOTAL UNITS (Franchised / Co.-Owned)
2,030/116

5
Massage Envy
Therapeutic massage and spa services
STARTUP COST
$434.8K–$1M*
TOTAL UNITS (Franchised / Co.-Owned)
1,186/0

**While it is possible to open a Massage Envy unit for as low as $434,823, it is more common for startup costs to fall above $500,000.*

6
Culver Franchising System
Frozen custard, specialty burgers
STARTUP COST
$1.8M–$4.3M
TOTAL UNITS (Franchised / Co.-Owned)
620/8

7
McAlister's Deli
Sandwiches, salads, baked potatoes
STARTUP COST
$579K–$1.5M
TOTAL UNITS (Franchised / Co.-Owned)
344/32

8
Hampton by Hilton
Midprice hotels
STARTUP COST
$4.2M–$14.9M
TOTAL UNITS (Franchised / Co.-Owned)
2,148/1

9
Carl's Jr. Restaurants
Burgers
STARTUP COST
$1.4M–$1.95M
TOTAL UNITS (Franchised / Co.-Owned)
1,423/122

10
Planet Fitness
Fitness clubs
STARTUP COST
$853.4K–$3.7M
TOTAL UNITS (Franchised / Co.-Owned)
1,066/58

11
Sonic Drive-In Restaurants
Burgers, hot dogs, chicken sandwiches, breakfast, ice cream, beverages
STARTUP COST
$1M–$1.8M
TOTAL UNITS (Franchised / Co.-Owned)
3,130/396

12
IHG (InterContinental Hotels Group)
Hotels
STARTUP COST
$7.5M–$98.5M
TOTAL UNITS (Franchised / Co.-Owned)
5,063/7

13
Freddy's Frozen Custard & Steakburgers
Frozen custard, steakburgers, hot dogs
STARTUP COST
$606.3K–$1.2M
TOTAL UNITS (Franchised / Co.-Owned)
220/14

14
Goldfish Swim School Franchising
Infant and child swimming lessons
STARTUP COST
$1.3M–$2.9M
TOTAL UNITS (Franchised / Co.-Owned)
44/1

15
Pet Supplies Plus
Retail pet supplies and services
STARTUP COST
$555.4K–$1.3M
TOTAL UNITS (Franchised / Co.-Owned)
197/205

16
Sky Zone Indoor Trampoline Park
Trampoline playing courts
STARTUP COST
$1.2M–$2.97M
TOTAL UNITS (Franchised / Co.-Owned)
172/1

17
Salons by JC
Salon suites
STARTUP COST
$545.6K–$1.1M
TOTAL UNITS (Franchised / Co.-Owned)
72/10

Sonic Drive-In Restaurants

SONIC BEGAN ROLLING out a new POS system three years ago to help its restaurants maintain inventory control, reduce costs and waste, and drive profitability. Now the company has created a Margin Improvement Management team to travel around the country and teach franchisees how to optimize the new tech. So far the system has saved restaurants almost 1 percent in total food and paper costs.

PHOTOGRAPH COURTESY OF SONIC DRIVE-IN

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18
Denny's
Family restaurants

STARTUP COST
$632.5K–$2.5M

TOTAL UNITS
(Franchised / Co.-Owned)
1,558/172

19
Doubletree by Hilton
Upscale hotels and resorts

STARTUP COST
$35.5M–$62.4M

TOTAL UNITS
(Franchised / Co.-Owned)
455/11

20
Primrose School Franchising
Educational childcare

STARTUP COST
$716.7K–$5.8M

TOTAL UNITS
(Franchised / Co.-Owned)
353/0

21
Hilton Hotels and Resorts
Upscale hotels and resorts

STARTUP COST
$55.99M–$97.1M

TOTAL UNITS
(Franchised / Co.-Owned)
462/109

22
Hilton Garden Inn
Upscale midprice hotels

STARTUP COST
$11.7M–$22.3M

TOTAL UNITS
(Franchised / Co.-Owned)
691/2

23
Crunch Franchise
Fitness centers

STARTUP COST
$304.5K–$2.1M*

TOTAL UNITS
(Franchised / Co.-Owned)
151/16

**The low end of Crunch Franchise's cost range applies only to the conversion of an existing business. A franchisee starting a new business will invest more than $500,000.*

24
Homewood Suites by Hilton
Upscale extended-stay hotels

STARTUP COST
$10.9M–$20.9M

TOTAL UNITS
(Franchised / Co.-Owned)
399/0

25
Bojangles' Famous Chicken 'n Biscuits
Chicken, biscuits, iced tea

STARTUP COST
$1.4M–$2.2M

TOTAL UNITS
(Franchised / Co.-Owned)
407/309

26
Embassy Suites by Hilton
Upscale all-suite hotels

STARTUP COST
$28.5M–$41.8M

TOTAL UNITS
(Franchised / Co.-Owned)
218/10

27
ProSource Wholesale
Wholesale kitchen, bath, and flooring products

STARTUP COST
$565.3K–$592.6K

TOTAL UNITS
(Franchised / Co.-Owned)
137/8

28
Goddard Systems
Preschool/educational childcare

STARTUP COST
$611.9K–$734.1K

TOTAL UNITS
(Franchised / Co.-Owned)
464/0

29
Home2 Suites by Hilton
Midprice extended-stay hotels

STARTUP COST
$7.4M–$13.7M

TOTAL UNITS
(Franchised / Co.-Owned)
93/0

30
Retro Fitness
Health clubs

STARTUP COST
$941.4K–$1.9M

TOTAL UNITS
(Franchised / Co.-Owned)
148/0

31
Farmer Boys Restaurants
Burgers, breakfast, sandwiches, salads, sides

STARTUP COST
$1.1M–$1.6M

TOTAL UNITS
(Franchised / Co.-Owned)
59/29

32
American Family Care
Urgent-care centers

STARTUP COST
$807.5K–$1.4M

TOTAL UNITS
(Franchised / Co.-Owned)
93/67

33
Schlotzsky's
Sandwiches, pizza, salads

STARTUP COST
$503.8K–$786.98K

TOTAL UNITS
(Franchised / Co.-Owned)
333/26

34
Boston's Restaurant & Sports Bar
Restaurants and sports bars

STARTUP COST
$1.1M–$2.9M

TOTAL UNITS
(Franchised / Co.-Owned)
416/2

35
Old Chicago Pizza & Taproom
Pizza, pasta, burgers, salads, craft beer

STARTUP COST
$1.3M–$1.9M

TOTAL UNITS
(Franchised / Co.-Owned)
40/60

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American Family Care

AMERICAN FAMILY CARE founder and CEO Dr. Bruce Irwin opened his first urgent-care clinic in 1982 with just $5,000. Today, AFC franchisees' startup costs start around $800K. But franchisees have help, thanks to a $1 billion investment from American Development Partners that will go toward land acquisition, equipment, and working capital. The money will allow franchisees to access easier and quicker financing. The deal is expected to aid in the opening of 300 more clinics and more than double the company's current footprint.

PHOTOGRAPH BY TIM GROVES/AMERICAN FAMILY CARE

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Newk's Eatery

IN THE PAST YEAR, Mike Snyder, senior director of construction for Newk's Eatery, has cut construction costs by about $25 per square foot or about $100,000 per restaurant. How? By attacking every line item in the budget—even those that fall under "that's how Newk's has always done things." Ultimately, some items were kept—such as the open kitchen founder Chris Newcomb first drew out on a napkin—but overall, the new prototypes are leaner and more efficient spaces.

PHOTOGRAPH COURTESY OF NEWK'S EATERY

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52% of all small businesses are homebased, according to SCORE's Small Biz Stats & Trends.

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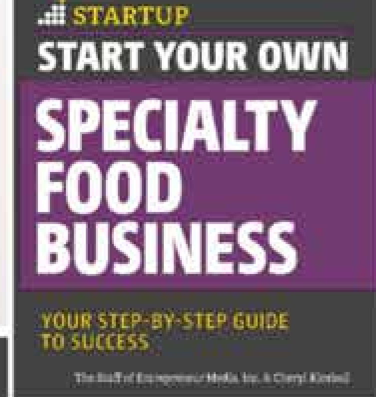

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The List

36
Zips Dry Cleaners
Dry cleaning

STARTUP COST
$855.4K–$1.1M

TOTAL UNITS
(Franchised / Co.-Owned)
50/2

37
The Brass Tap
Craft-beer and wine bars

STARTUP COST
$664.1K–$1.2M

TOTAL UNITS
(Franchised / Co.-Owned)
35/1

38
Newk's Eatery
Sandwiches, salads, soups, pizzas, desserts

STARTUP COST
$932K–$1.3M

TOTAL UNITS
(Franchised / Co.-Owned)
87/15

39
Motel 6
Economy hotels

STARTUP COST
$2.6M–$3.8M

TOTAL UNITS
(Franchised / Co.-Owned)
823/459

40
Red Roof Inn
Economy hotels

STARTUP COST
$3.5M–$4.97M

TOTAL UNITS
(Franchised / Co.-Owned)
378/127

41
Bar Louie
Restaurants and bars

STARTUP COST
$763.5K–$3.4M

TOTAL UNITS
(Franchised / Co.-Owned)
24/94

42
Hooters Restaurant
Casual restaurants

STARTUP COST
$906.5K–$3.2M

TOTAL UNITS
(Franchised / Co.-Owned)
224/193

43
Gyu-Kaku Japanese BBQ Restaurant
Japanese barbecue restaurants

STARTUP COST
$789.8K–$2.1M

TOTAL UNITS
(Franchised / Co.-Owned)
678/19

44
Roy Rogers Restaurants
Roast beef sandwiches, chicken, burgers

STARTUP COST
$767.3K–$1.6M

TOTAL UNITS
(Franchised / Co.-Owned)
30/24

45
Palm Beach Tan Franchising
Tanning

STARTUP COST
$479K–$789.1K*

TOTAL UNITS
(Franchised / Co.-Owned)
258/189

**While it is possible to open a Palm Beach Tan unit for as low as $479,000, it is more common for startup costs to fall above $500,000.*

46
The Counter Burger
Build-your-own-burger restaurants

STARTUP COST
$786K–$2.4M

TOTAL UNITS
(Franchised / Co.-Owned)
38/3

47
Jack in the Box
Burgers

STARTUP COST
$1.5M–$2.9M

TOTAL UNITS
(Franchised / Co.-Owned)
1,850/409

48
Del Taco
Mexican-American food

STARTUP COST
$960.7K–$1.9M

TOTAL UNITS
(Franchised / Co.-Owned)
246/298

49
Rock & Brews Franchising
Restaurants and bars

STARTUP COST
$1.5M–$2.5M

TOTAL UNITS
(Franchised / Co.-Owned)
16/2

50
Lightbridge Academy
Childcare/early learning

STARTUP COST
$525.7K–$728.6K

TOTAL UNITS
(Franchised / Co.-Owned)
14/13

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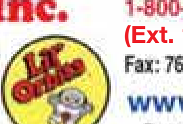

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Good Company = a Good Company

Words by DAN KENARY, cofounder of HARPOON BREWERY

Back in 1987, we were doing our first bottling run. I had left banking to start a craft brewery, which at that time was unheard of. Not only did we have to make great product, we also had to get people to buy something totally unfamiliar. Everyone back then knew beer as a light-yellow lager, so if you came up with something amber or hazy, they'd think it had gone bad.

It was a stressful time. Adding to the pressure, I was about to get married. One day, a few of the guys stopped the line and asked me to come upstairs. So I did. And when I got up there, they grabbed me and pinned me to the floor. Before I knew it, they got my clothes off and put me in a jumpsuit, complete with an Elvis wig and glasses. They hustled me out of the plant, put me in a car, drove me to Logan Airport, put a plane ticket in my hand, and left. It was a ticket to Memphis.

I got on the plane alone and arrived in Memphis to find eight of my best friends waiting for me. It was a surprise bachelor party, and that Elvis outfit stayed on the whole weekend. After Memphis, we piled into a Winnebago loaded with Harpoon beer and drove to my wedding in Chicago. My wife's mother just loved the Winnebago parked in front of their country club. She also appreciated when my friends publicly presented me with the above photo—taken in the parking lot at Graceland—at the rehearsal dinner.

Suffice it to say, the wedding went off without a hitch, and Harpoon became what it is today: a pioneer in the craft-brewing revolution, and a place where friends can gather to enjoy each other's company. Through it all, that photo has been prominently displayed in my office. It still makes me laugh.

When I was thinking of starting a brewery, a lot of what motivated me was the power I saw in beer to bring people together. Whether it was gathered around a table, or at a ball game, or tubing down a river, or standing on the hood of a car in front of Elvis's house, some of the greatest memories of my life involve drinking beer with my friends.

Most of the guys in the photo were, or eventually became, investors in Harpoon. They've all done amazing things. Most important, though, we've all remained close friends. We get the whole gang back together every year or two, and while we're just shadows of our former selves, we still have an awful lot of fun. I look at that photo and it reminds me of why I do what I do, how lucky I am to do it, and why I'm so blessed to have people like that in my life.

WHAT INSPIRES YOU?

Tell us about a story, person, object, or something else that pushes you forward, and we may include it in a future issue. And we may make you photograph or illustrate it, too. Email **INSPIRE@ENTREPRENEUR.COM** with the subject line **"WHAT INSPIRES ME."**

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